Decision 2003-099

EUB

Alberta Electric System Operator

Deferral Account Reconciliation for Years 2000, 2001 and 2002

December 16, 2003

Alberta Energy and Utilities Board

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Alberta Electric System Operator

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ALBERTA ENERGY AND UTILITIES BOARD
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Deferral Account Reconciliation for years 2000, 2001 and 2002
Application No. 1313525

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ALBERTA ENERGY AND UTILITIES BOARD
Calgary Alberta

ALBERTA ELECTRIC SYSTEM OPERATOR DEFERRAL ACCOUNT RECONCILIATION FOR YEARS 2000, 2001 AND 2002

Decision 2003-099
Application No. 1313525
File No. 1804-1-1

1 INTRODUCTION

A deferral account was approved for the former Transmission Administrator (TA), ESBI Alberta Ltd. (EAL) in the 1999/2000 General Tariff Application (GTA) to deal with the volatility of the costs incurred by the TA in the provision of transmission access service to the TA's customers.

In October 2000, EAL submitted an application to the Board for the resolution of the January 1, 1999 to May 31, 2000 deferral accounts. Subsequent to that application, EAL completed the financial settlement with customers on the deferral balances related to this time period. The Alberta Electric System Operator (AESO) has since taken over the responsibilities of the TA function. No further applications, respecting deferral account reconciliations, have been received from EAL or the AESO since the October 2000 EAL Application.

In 2001 and 2002, an issue respecting the resolution of billings by Engage Energy Canada L.P. (Engage) for Transmission Must Run (TMR) services under Article 24 of the TA's Terms and Conditions was raised.

The Article 24 Refund issue was resolved with the release of Board Decision 2003-054 on July 8, 2003. In Decision 2003-054, the Board approved a final refund to each of the AESO's customers, based on retroactive customer billings, to distribute the Article 24 Refund amount of $91.7 million dollars plus interest earned after May 5, 2003 on that amount which is currently held in trust by the AESO.

The Board determined that the Article 24 Refund calculated for each system access customer should be held by the AESO until such time as the final Deferral Account Reconciliation is known on a customer-by customer basis. The Board emphasized that the final Deferral Account Reconciliation will not be allowed to "unwind" the Board's final determinations respecting the Article 24 Refund in Decision 2003-054. Decision 2003-054 determined the methodology to be applied by the AESO in refunding monies received from the Article 24 Refund and directed the AESO to refund those monies at the same time as any refunds or collections are made regarding the reconciliation of the 2000, 2001 and 2002 deferral accounts.

On September 15, 2003, the AESO made an application (the Application) to the Board for final reconciliation and resolution of the June to December 2000, January to December 2001, and January to December 2002 deferral account balances.

Specifically, the AESO requested that the Board approve:

1. The AESO's 2000 Deferral Account Reconciliation submission based on an aggregate reconciliation of the seven month period June 2000 to December 2000 as the basis for the AESO to settle the 2000 deferral account.

2. The AESO's 2001 Deferral Account Reconciliation submission based on an aggregate reconciliation of the twelve month period January 1, 2001 to December 31, 2001 as the basis for the AESO to settle the 2001 deferral account.

3. The AESO's 2002 Deferral Account Reconciliation submission based on monthly reconciliations for each month in 2002 as the basis for the AESO to settle the 2002 deferral account.

4. Either a "lump sum" or "spread over a period of time" methodologies for the customer adjustments related to the reconciliation of the 2000, 2001 and 2002 deferral accounts and the Engage Settlement refunds.

5. Implementation of the AESO's Rate Rider C on a revenue account basis.

6. An amendment to the AESO's Terms and Conditions of Service to address the collection/refund of amounts due from previous generators/PPA holders and/or DTS customer locations that must now be collected/refunded from/to the current generators/PPA holders and/or DTS customer locations.

The Board decided that the following written process would be appropriate:

Event	Dates
AESO Application	September 15, 2003
Early Board Information Request	September 23, 2003
Revised AESO Application	October 3, 2003
Notice of Intention to Participate in Proceeding	October 6, 2003
Information Requests to AESO	October 6, 2003
Information requests to AESO respecting Oct 3, 2003 revised AESO Application	October 10, 2003
AESO Responses to Information Requests	October 17, 2003
Intervener Evidence (if any)	October 24, 2003
Information Requests to Interveners, (if any)	October 28, 2003
Intervener Responses to IRs	November 3, 2003
Second Round of Information Requests to AESO	October 24, 2003
AESO Responses to Information Requests	November 3, 2003
AESO filing of any revised settlement resulting from separate billing review process	November 3, 2003
Written Argument	November 10, 2003
Written Reply	November 17, 2003

The Board received written submissions on or about November 10, 2003 and written reply on or about November 17, 2003. Parties participating in the proceeding are shown on Appendix 1.

The Board considers that the record of this proceeding closed on November 17, 2003.

2 RIDER C – FINAL OR INTERIM REFUNDABLE RESPECTING YEAR 2002

2.1 Background

The Board will first deal with the issues raised respecting the purpose of Rider C and the method to be used by the AESO in disposing of the 2002-deferral account balances. Following the Board's determination of the Rider C issues and an appropriate method of settling the deferral accounts, the Board will deal with each one of the above six requests of the AESO.

The Board will also deal with the issue of whether the balance for 2002 should be on retrospective or prospective basis.

The financial detail of the 2002-deferral accounts will be dealt with in Section 6.

One of the key issues in this proceeding is whether the charges imposed by way of Rider C should be regarded as final or interim refundable. Rider C was introduced in the year 2002, therefore, this issue only applies to the year 2002 deferral account reconciliation.

If the charges imposed by way of Rider C are regarded as final, the monies that were collected under Rider C would not be unwound during the 2002 deferral account reconciliation and the 2002 deferral account balances to be disposed of would only be those amounts remaining, if any, after posting the Rider C refunds and charges to the 2002 deferral account.

If the charges imposed by way of Rider C are regarded as interim, the Rider C charges would be unwound during the 2002 deferral account reconciliation and the deferral account balances to be disposed of would be those amounts excluding any Rider C refunds and charges. This approach would involve calculating what each customer received or was charged under Rider C in 2002 (and in 2003 relating to the 2002 deferral accounts) and offsetting this against an allocation of the 2002 deferral account balances excluding the Rider C refunds and balances. It should be noted that this latter method would not result in any monies flowing to or from the AESO respecting year 2002 but would involve monies flowing among customers within the DTS and STS rate classifications respectively.

Accordingly, the Board considers it very important to view the sequence of events respecting the introduction and purpose of Rider C.

EAL, in its 2002 GTA applied for the following:

> Deferral Accounts and Tariff Adjustment Mechanism
>
> (a) Deferral Accounts
>
> The TA has established deferral accounts to capture all variances in costs and revenues from forecast, other than those that may be modified by the operation of the G&A incentive scheme outlined above. All forecasted costs, with the exception of the TA Costs, will be adjusted to prudent actual costs incurred by the TA and subject to deferral account treatment. The deferral accounts are: wire costs; reserve costs; other ancillary service costs; losses; other industry costs; and TA costs.

> (b) Reconciliation and Forward Adjustment Mechanisms
> The TA is proposing to continue the use of the Reconciliation and Forward Adjustment Mechanism. If costs change as a result of (sic) decisions of the Board, legislative change, material accounting policy changes or directly incurred in relation to industry restructuring and any other costs outside the reasonable control of the TA, ***then these costs changes would be estimated and amortized pursuant to the quarterly riders and reconciled annually for all customers and suppliers by March 1st of the following year, or as soon as possible. The TA will then recalculate the affected tariff rates based on approved cost levels and re-compute bills for the historic tariff period elapsed. The resulting surplus / shortfalls by customer will be amortized on a prospective basis by customer***. (Emphasis added)

In its 2002 GTA, the TA proposed to continue the use of Rate Rider B, as shown on Appendix 2 and introduced a new proposed Rider C shown on Appendix 3.

The Board received an application to approve a negotiated settlement (the Settlement) for the TA's 2002 GTA. The following was included as Clause 1 of the Settlement:

> ESBI Alberta Ltd., as the Transmission Administrator ("TA") and the stakeholders who are signatories to this agreement (the "Stakeholders"), (collectively, the "Parties") have been successful in reaching a negotiated settlement (the "Settlement") of the TA's 2002 General Tariff Application ("GTA"). The Parties acknowledge that although there is unanimous support among the Parties for the overall Settlement, as set out herein, there may not be unanimous support for any one cost component on a stand-alone basis. On a global basis, it is specifically acknowledged that there is no agreement on separate line items or any one cost component, except as specifically provided herein. ***The terms of the Settlement reflect a "package deal" and, therefore, it is not possible for the Alberta Energy and Utilities Board ("Board") to accept any parts of the Settlement or impose any conditions on the Settlement, and still reflect the overall agreement reached as between the Parties.*** Thus, if the Board does not accept the Settlement there shall be no settlement among the Parties of the issues raised by the TA Application and the Parties hereto will have the option to litigate all or any such issues before the Board. (Emphasis added)

The following was included as Clause 21(i) in the Settlement:

> Quarterly Deferral Account Settlement and Working Capital Deficiency Rider:
>
> The TA will add a rider, which will, on an ongoing quarterly basis, calculate and adjust the accumulated deferral account balances. In extraordinary circumstances, the TA may invoke the existing rider on thirty (30) days notice. ***Following completion of each quarter, the TA will determine the costs attributable to each rate class on a cost category by cost category basis, based on the best available data at the time. These costs will then be compared to the revenue collected in the quarter related to that cost item, with the difference being attributed to the actual customers who are in the rate class at the time of the adjustment, based upon each customer's usage of the system. The adjustment required to true up each customer's transmission charge will be applied evenly over the subsequent quarter (i.e. the first quarter adjustment will be charged in three equal monthly installments in the second quarter.)***. (Emphasis added)

The Board approved the Settlement in Decision 2002-064[1] dated July 16, 2002 and replicated the above clause in section 3.2 (i) of that Decision.

The AESO has from time to time included notes on its web-site respecting Rider C involvement with the 2002 deferral account reconciliation. The following note appeared respecting the March 2002 deferral account summary (updated April 30, 2002):

> As part of the 2002 Negotiated Settlement, it was agreed that each quarter's deferral would be "trued-up" in the following quarter. NOTE: This true-up is not intended to settle the 2002 deferral accounts. The final settlement of 2002 deferral accounts will be subject to EUB rulings. The "true-up" is intended to occur by recovering the deferral amounts over the following quarter through a per MWh adjustment to the STS and DTS rates.

The above note was repeated in similar form in the remaining 2002-deferral account summaries.

On August 29, 2002, the TA also posted a progress report entitled "Quarterly Deferral Account Settlement and Working Capital Deficiency Rider" to their web-site. This report is included as Appendix 4 for the convenience of readers. Notable is the following quote from page 2 of the above noted report:

> As soon as actual 2002 costs have been determined, the TA will file with the Board a detailed reconciliation of the 2002 accumulated deferral account balances and any extraordinary adjustments by volume, cost and revenue variances and resulting deferral account responsibility by customer classes (rate schedules). The TA will implement the prior-year 2002 deferral rider after approval by the Board. At this time it has not been determined how the final settlement of 2002 deferral accounts will be handled. This will be addressed by the end of the third quarter of 2002. A customer update will be sent out when the final process has been decided.

The Board is unaware of any further update posted by the TA in 2002.

The Board notes that an issue related to the above Rider C issue is whether refunds or charges should be made on a retrospective or prospective basis. The Board considers a "retrospective" adjustment to occur when a utility collects or refunds any deferral account balance by using the actual billing determinants that existed at the time the variance arose, to adjust the revenue due from the customers that were actually on the system and receiving service at that time.

A "prospective" adjustment occurs when a utility takes the accumulated deferral account variances from prior periods and refunds or collects that variance by applying a surcharge or reduction to the billing determinants of customers receiving service in a future period.

[1] Note that the copy of the settlement attached to Decision 2002-064 incorrectly shows the above Clause as 21(r)

2.2 Views of the AESO

As a result of the negotiated settlement of the TA's 2002 tariff, approved by the Board in Decision 2002-064 and 2002-087, the AESO's Rider C mechanism came into effect in 2002. This prospective mechanism was meant to recover past shortfalls and refund surpluses on a quarterly basis, and has also been used to make a prospective estimate of variances likely to occur over the next quarter. It was not clear to the AESO if the Board, in approving the Rider C mechanism, also explicitly approved a move to prospective recovery such that retrospective adjustments for deferral account balances in 2002 are no longer required. Consistent with the status quo approach and the interpretation of the AESO as set out in Section III of the Application, therefore, the AESO has filed herein for adjustments stemming from 2002 deferral account variances.

The AESO submitted that it was appropriate to make retrospective adjustments in the reconciliation process for the 2002 time period. The AESO stated that the use of retrospective adjustments for the period 2002 is based upon AESO's interpretation and understanding of the proceedings into the Transmission Administrator's 2002 GTA and related Board decisions.

The AESO noted that, in 2002, the TA initially filed its GTA seeking express approval of a retrospective adjustment methodology. This was outlined in the section entitled "Deferral Accounts and Tariff Adjustment Mechanism" found in the 2002 GTA. Cost changes were expressly stated as being estimated and amortized pursuant to quarterly riders and reconciled annually for all customers and suppliers by March 1st of the following year, or as soon as possible. Any shortfall or surplus would then be amortized prospectively by customer. Retrospective adjustments for 2002 were therefore expressly contemplated.

Subsequent to the 2002 GTA filing, parties were successful in reaching a negotiated settlement. The Board in its Decision 2002-064 approved the Settlement. The AESO has considered the wording of the 2002 Negotiated Settlement and does not interpret it as having the effect of altering the retrospective adjustment proposal set out in the original 2002 GTA filing. Specifically, clause 20 of the Settlement obligated the Transmission Administrator to perform all Phase II commitments and obligations in a manner consistent with what was described in the application:

> The specific provisions of the Phase II issues are not detailed in this Settlement. However, the TA shall perform all those commitments and obligations it (sic) as indicated it will perform in its 2002 GTA application.

Based on the wording of Clause 20 and the 2002 GTA, the AESO sees it reasonable to interpret the Settlement as not altering what was initially applied-for, namely use of a retrospective adjustment approach for 2002.

The AESO has, consistent with undertakings made in the Decision 2003-054 proceeding, carefully reviewed whether the approval of Rate Rider C was intended to entirely eliminate the retrospective adjustment methodology. Although not free from doubt, and hence the need for clarification, the AESO has simply not found any express language which would reasonably lead it to the conclusion that Rate Rider C was intended to be the sole and only means by which deferral account reconciliation was to take place in 2002.

The AESO submitted that there was no serious disagreement that Rider C applies on a prospective basis. The issue is whether Rider C was exclusively intended by parties to the 2002 Negotiated Settlement to be the only means by which deferral accounts would be reconciled. The AESO considered the tariff language to be silent on this point.

Prior to the introduction of Rider C, the AESO stated that these variances would accumulate between these and other costs, and in time may result in the application of Rider B to variances in other cost categories although the imposition of Rider B (Working Capital Deficiency/Surplus Rider) may be triggered months after the initial variance. After year-end, the AESO would complete reconciliation, and in effect "unwind", on an annual basis, the effect of Rider B, and apply an appropriate surcharge to recover the revenue shortfall from the appropriate customer class. The AESO considered that the Rider B payments were not relevant to the disbursement of the Article 24 Refund, as they cannot be reasonably attributed to collecting a specific cost or set of costs.

With the introduction of Rider C, the AESO estimates the impact over the next quarter of variances over the past quarter as well as determining an updated estimate of the variance likely over the next quarter to determine a Rider C value attributable to each of the STS and DTS customer classes. This has largely eliminated the use of Rider B, but Rider B remains a valid tariff.[2]

The AESO has referred to Rider B as a retrospective adjustment and Rider C as a prospective quarterly deferral account mechanism.[3]

In the AESO's respectful submission, the design of Rate Rider C to apply quarterly and on a prospective basis was intended to minimize the annual reconciliation adjustment that ultimately was discussed in the 2002 GTA and adopted in the 2002 Negotiated Settlement.

For the reasons noted in its argument and application, the AESO remains of the view that a retrospective adjustment methodology was intended to remain in effect, notwithstanding the operation of Rate Rider C.

In the Article 24 Omnibus proceeding, the AESO noted that as Rider B and Rider C charges are subject to a year-end reconciliation to recover the appropriate revenues from the appropriate source, the Riders themselves do not necessarily track the forecast precisely, although the Rider C methodology at that time formalized the intent to recover shortfalls or repay surpluses on the basis of the approved cost allocation methodology. For that reason, the AESO is proposing a refund methodology of the Engage refunds that do not rely on the payments which are interim in nature under Rider B and Rider C.[4]

2 Article 24 Omnibus Proceeding FIRM-AESO-04
3 Article 24 Omnibus Proceeding BPOOL-AESO-05
4 Article 24 Omnibus Proceeding LE-RD-AESO-01

2.3 Views of the Interveners

The Companies

The following group of generators and load customers (the Companies) combined their intervention in this proceeding:

- ASTC Partnership
- ATCO Power Canada Ltd.
- Calpine Canada Power Ltd.
- EnCana Corporation
- TransAlta Corporation
- TransCanada Energy

The Companies considered that Decision 2002-064 and Decision 2002-087 established a prospective method for disposing of deferral accounts arising from 2002 onwards. The quarterly "Rate Rider C" adjustment mechanism must be regarded as precluding any other methods as a matter of law because it is intended to address all deferral adjustments.

Moreover, the Companies considered that the "retrospective adjustment" method proposed by the AESO offends the Board's approved rate-making principles:

The Companies considered that the "retrospective adjustment" is not efficient as it creates uncertain and unstable rates. In this case, customers were advised of the Rider C charges as far back as April 2002 and periodically from that time forward.[5] Consequently, a "retrospective adjustment" interferes with efficient decisions that were made by customers up to 18 months in the past based on the information provided at that time. Customers, both load and generation, cannot alter their past decisions.

The "retrospective adjustment" is not efficient because it is not in accord with the original rate design. Rate Rider C was advanced and implemented on a prospective variable basis while a "retrospective adjustment" would be on a retroactive fixed basis.[6] This again leads to inefficient decisions, both historically and presently. Customers cannot manage a retroactive fixed charge/credit since there is no present action or decision that will alter the customer's retroactive fixed charge/credit. This raises a discrimination/fairness problem.

The Companies considered that the principle of symmetry is violated by the AESO's proposal to retroactively refund variable payments with a fixed refund. Rider C charges were levied on a variable prospective basis in 2002. Under the economic theory upon which the competitive generation market and the current STS tariff structure has been built, generators are incented to bid at incremental cost to avoid the risk of not being dispatched. This suggests that the variable Rider C refunds would have been passed through in pool prices in 2002, other things being

[5] ESBI Alberta Ltd. Deferral Account Summary, Updated April 30, 2002, (www.aeso.ca/market/1870.htm)
[6] AP/TAC-AESO-04.

equal.[7] As a result, the generation customers may discover that their original efficient dispatch is rendered inefficient after the fact due to retroactively adjusted transmission charges.

The Companies considered that there was no reasonable means for customers (load or generation) in 2002 to have anticipated the AESO's proposed reversal of Rider C or its specific impact to each customer until just recently. In point of fact, the proposal and initial estimated customer specific impacts were not provided individually to each customer until late September 2003.[8] Calpine's late intervention is testament to the difficulty customers experienced in understanding the AESO's proposal until well after it was filed with the Board.

The Companies considered that the "retrospective adjustment" is not fair because it does not treat similarly situated customers in the same manner. Similarly situated customers today are treated differently due to differences in the past usage of the transmission service rather than their current usage of the transmission service. This is unfair and discriminatory.

The Companies considered that the "retrospective adjustment" is not administratively simple or transparent. In fact, the administrative burden to "unwind" Rider C by customer account and recalculate the "retrospective adjustment" impacts in this proceeding has proven to be anything but simple. Collectively, The Companies considered that these concerns do not support investor confidence and impair the purposes of the *Electric Utilities Act*.

For these reasons, the Companies requested that the Board deny the AESO's application to "unwind" Rate Rider C and replace it with a retrospective adjustment in regards to the 2002 deferral accounts. Specifically, the Companies request the Board to direct the AESO to use the Rate Rider C mechanism as approved in Decision 2002-087 for the disposition of deferral accounts in 2002 and 2003 (as per Decision 2003-077).

To be clear, while the Companies opposed the specific mechanism for disposing of the deferral account balances proposed by the AESO, the Companies are fully supportive of an ongoing annual accounting reconciliation process. An annual accounting reconciliation would provide a complete reconciliation of the AESO's revenues and costs from the AESO's audited financial statements with those used in the deferral accounts and calculation of Riders (particularly Rider C). It is only through this process that those calculation errors, classification errors (e.g., how isolated generation was misclassified in 2002) and other reconciliation errors can be identified and eliminated. Such a process offers customers a useful degree of transparency independent of the deferral account disposition mechanism.

Furthermore, the Companies agreed with the AESO that it ought to "apply whatever decision regarding principles and processes the Board arrives at relating to 2002 to the future 2003 application as well."[9] For 2003, the Companies reiterated that the best mechanism for deferral account disposition was the already approved Rate Rider C and accordingly did not recommend that the Board approve the "unwinding-rewinding" scheme proposed by the AESO for 2002, 2003 or any subsequent year. If any errors are discovered as a result of the annual accounting reconciliation conducted in future years by the AESO, those errors can be corrected in future Rider C charges to the appropriate customer classes affected by the errors and on a prospective basis.

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7 Decision 2000-1, page 123
8 Companies-AESO-04
9 ENMAX-AESO-05

ADC

ADC noted that the Companies have opposed the retrospective allocation of the 2002 deferral account balance on the basis that Rider C as approved does not contain a year end true-up mechanism.[10] The ADC disagreed with the Companies' position and supported the submissions of EPCOR Utilities, IPCAA, and Enmax. Not only was the true-up nature of Rate Rider C established by the AESO in their application[11], but the retrospective nature of riders to this point have been a given. If Rate Rider C, as applied for in the AESO's 2002 GTA, had been intended as a purely prospective mechanism, intervener issues would have been fully vetted in that proceeding.

The ADC noted that even if the retrospective, "true-up" nature of the Rate Rider C was not explicitly stated within the Rate Rider C Rate Schedule approved in the negotiated settlement, the retrospective nature was stated on the Deferral Account Summaries which were posted on the AESO website.

Further, the ADC submitted that the economics attached on each of the summaries show that the quarterly true-ups are not based on a purely prospective basis since each quarter is not completely settled in the following quarter.

The ADC submitted that the issue of whether Rider C was prospective or retrospective should have been brought up by the Companies prior to this proceeding if they believed that Rider C was being implemented contrary to the approved AESO tariff. In addition, and most importantly, this methodology is the most fair and equitable allocation to customers. This methodology ensures that customers who overpaid will be paid back. Cross subsidization between customers is minimized and windfalls to new customers of the AESO will be eliminated. Retrospective treatment of 2002 deferral balances is also consistent with allocations of the Engage refund from Decision 2003-054.

Cities

The Cities did not accept the conclusion that the customer specific calculation of Rate Rider C was approved on a final basis. The Cities suggested that had the Board intended otherwise, the record would have included a discussion and approval of the method in which the rate riders were to be calculated. In reviewing the Companies' argument, the Cities are further convinced that the previous TA did not collect Rider C revenues during this period in a manner that was consistent with Board-approved principles.

The Cities noted, from Clause 21(i) of the Settlement, that the use of the terms "Following the completion of each quarter" and "based on the best available data at the time", implied a retrospective calculation every quarter. Furthermore, Clause 21(i) describes that the calculation will involve a comparison of revenues and costs by "cost category basis". For there to be an apples-to-apples comparison of revenues and costs, the Cities submitted that "cost categories" must mean the line items appearing on a customer's monthly invoice: Interconnection Charges, Operating Reserve Charges, Other System Support Services (SSS) Charges, and Loss Charges.

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[10] Argument of the Companies, November 10, 2003

[11] Application, p. 6.

In the Cities' view, the above description of a revenue to cost comparison was consistent with the method currently proposed by the AESO to settle the 2002 deferral accounts. Furthermore, it has been established in both this proceeding and in the Article 24 refund proceeding that the previous TA did not calculate Rate Rider C by comparing the revenues and costs of Interconnection Charges, Operating Reserve Charges, Other System Support Services (SSS) Charges, and Loss Charges. The Cities submitted that had the TA done so, it is highly unlikely (particularly because the refund includes a sizeable Article 24 refund) that any party would be assessed an additional charge as a result of this 2002 deferral account reconciliation process.

The Cities, therefore, characterized the AESO's current Application to be consistent with the original intent of Rider C. The original 2002 Settlement suggested that the AESO's current proposed method of reconciliation was to occur quarterly, and because it did not, subsequent prospective adjustments were not consistent with Board-approved cost allocation principles.

The Cities submitted that the Board ought not be precluded from the type of retrospective adjustment proposed by the AESO when it is consistent with the intent of the Rider C methodology, which in itself contemplated retrospective adjustments, particularly when it is clear that the original Rider C methodology was not applied in accordance with its express terms.

ENMAX

With respect to 2002 ENMAX submitted that the adoption of Rider C should be viewed primarily as a means to improve the visibility and stakeholder awareness of deferral account balances and to minimize the size of, but not eliminate the need for, year-end deferral account adjustments. ENMAX submitted that the adoption of Rider C was not intended to eliminate year-end reconciliation. In this regard, ENMAX noted that while the AESO indicated a desire to move to a purely prospective deferral account adjustment mechanism, the AESO concluded on the basis of its review of the Transmission Administrator's 2002 application, refinements occurring in the Article 24 proceeding, and its preparation of the present Application, that the changes implemented for the 2002 tariff had not yet completed a transition that the AESO considered would be required to facilitate the elimination of retrospective adjustment calculations.

In particular, ENMAX considered that the use of Rider C as a stand-alone mechanism for affecting final deferral account adjustments is subject to the following principal flaws:

> Intertemporal Unfairness:
> If Rider C is not subject to a reconciliation process, month-to-month variations in the level of energy either consumed from or injected into the Alberta Integrated Electric System ("AIES") can create substantial gains and losses between AESO transmission customers. This is particularly true in respect of STS customers, since the amount of energy dispatched into the AIES may be subject to substantial variations arising from plant shutdowns for maintenance or forced outages. The extent to which STS customers are subject to net gains or losses may be further exacerbated under the present Rider C because it will be either a charge or a credit in a particular quarter. As such, a generator that experiences a prolonged outage during a period in which a Rider C credit is being paid out would not receive a recovery of excessive costs that a generator may have funded in a prior period. Conversely, if the same generator were to be restored to normal operations during a subsequent quarter when a Rider C charge is being applied, the generator may be inappropriately required to make up revenue shortfalls relative to costs that it was not responsible for. Such unfairness does not arise or is significantly minimized under the annual reconciliation approach adopted by the AESO in its present

application. As such, ENMAX considers that the approach reflected in Schedule C of the AESO's application (and in the subsequent updates to Schedule C calculations provided in successive information request response iterations) under which prior quarter Rider C charges/credits are "unwound" is the only approach that avoids the unfairness inherent in the approach of applying Rider C to settled deferral account balances solely on a prospective basis.

Deferral Account Balance Accuracy/Timing Issues:
The deferral account balance estimates used to set the Rider C credit or charge to be applied in a subsequent quarter are just that – estimates. In particular, ENMAX understands that the Rider C credits or charges to be applied in a quarter are typically devised by the AESO using preliminary data from the first two months of the prior quarter, and an estimate of the final deferral account balance for the last month of the prior quarter. As a result, even in respect of the portion of Rider C calculations based on "historical" information, it is likely that the initial estimate used for a Rider C calculation may subsequently be significantly adjusted when more accurate information becomes available. For example, the AESO's response to ENCANA-AESO-01 illustrates the extent to which the initial determinations of transmission loss costs were subject to adjustments occurring several months later. The delays in the determination of final billing data act to compound the potential for the intertemporal unfairness between AESO customers discussed in the previous bullet.

Mismatch between Rider C and Approved Revenue Requirement Allocation Methodology:
There could be a significant mismatch between Rider C and the Approved Revenue Requirement Allocation Methodology where the approved basis for the allocation is other than on a $/MWh basis: This problem is analogous to the issue identified by the AESO in its application, where it devised an allocation different than revenues contributed by each customer to determine the proper allocation of transmission loss deferral account balances amongst STS Customers.[12]

In light of the above, therefore, ENMAX submitted that Rider C in its current form is unsuitable for settling deferral account balances on a finalized basis and has not "completed the transition" to becoming a viable mechanism that can settle deferral account imbalances without a year-end reconciliation procedure.

In reply ENMAX strongly supported EPCOR's position that it was only through a retrospective reconciliation of the 2002 deferral accounts that equity and fairness among transmission customers can occur.[13] However, ENMAX disagreed with the suggestion of EPCOR that the 2002 Negotiated Settlement is silent as to whether an annual after the fact reconciliation is to take place[14]. As the AESO pointed out in its argument, the 2002 Negotiated Settlement Agreement referenced the 2002 GTA[15] and the GTA included a deferral account reconciliation process that clearly contemplates the re-computation of customer bills affected by changes from forecast cost and for any resulting shortfalls or surpluses to be allocated on a customer specific basis. Also pointed out by the AESO, is the fact that the 2002 GTA sought express approval of a retrospective adjustment methodology and such was outlined in the section entitled "Deferral

12 AESO, September 15, 2003 Application, p. 12
13 EPCOR Argument, Page 2.
14 EPCOR Argument, Page 2.
15 AESO Argument, Pages 3-4.

Accounts and Tariff Adjustment Mechanism".[16] The subsequent negotiated settlement approved by the Board in Decision 2002-064 and 2002-087 does not alter the retrospective adjustment proposal set out in the 2002 GTA filing. The application was made and the settlement proceeded on the basis that there would be retrospective adjustments and ENMAX submitted it would be contrary to the terms of this settlement to now interpret the settlement to eliminate the retrospective methodology.

ENMAX in particular took issue with the Companies assertion that retrospective adjustments violated rate making principles. ENMAX disagreed with the Companies' contention that efficiency will be enhanced by a move to a purely prospective methodology[17]. In a perfect world with perfect foresight a purely prospective methodology might achieve an efficient outcome, but history shows that forecasts are far from perfect. If the Transmission Administrator's rates could be based on perfect foresight, they would reflect the efficient allocation as established by the Board based on its assessment of the competing cost allocation principles put before it during the main GRA proceeding. However, the reality facing stakeholders is that Rider C charges and collections in 2002 did not match the allocation that perfect foresight would have made. Accordingly, it was not possible to obtain this efficient allocation by moving to a purely prospective arrangement at this time, since the resulting net charges to AESO customers that arise from a decision to adopt a prospective approach have been shown to have significantly departed from the optimal and most efficient allocation established by the Board.

ENMAX also rejected the Companies' contention that the use of a retrospective approach offends the rate making principles of "Rate Stability"[18]. It was clear that the established process for the TA's tariffs has been to reconcile departures from the approved cost allocation and rate design principles caused by forecast errors through a year-end adjustment process. The enhanced deferral account balance reporting implemented concomitantly with Rider C has proven useful in keeping stakeholders informed regarding deferral account balances and the distribution of Rider C credits and charges and may have acted to reduce the size of year-end adjustments that would otherwise occur. ENMAX, however, submitted that the long run rate stability expected by AESO transmission customers would be significantly compromised if Rider C were to be deemed to be final when paid by or to a customer. Further, the goal of long term rate stability is negatively impacted by the fact that certain AESO customers (especially generators) may experience net transmission charges that vary significantly and unpredictably, for reasons outside the control of the generator, from the rate that would be expected by following approved cost allocation principles. As such, ENMAX submitted that the adoption of the Companies' proposal would be adverse, not beneficial, to the goal of rate stability.

ENMAX also stated that administrative simplicity should not be a primary rate design criteria in these circumstances. Until reasonable forecast accuracy can be assured, administrative simplicity should not be allowed to override allocative efficiency and fairness concerns. At present, adjustment of the initial invoices as part of a reconciliation process is the only practical way that an accurate final allocation of costs in accordance with approved allocation principles can be achieved. In any event, year-end reconciliation is an established process and, as such, should not be regarded as imposing an unreasonable administrative burden.

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16 AESO Argument, Pages 3-4.
17 Companies' Argument, Pages 3 and 14
18 Companies' Argument, Page 14-15

Finally, ENMAX disagreed with the Companies position that retroactive adjustment is unfair[19]. To the contrary, a failure to reconcile deferral accounts retrospectively would be unfair because there would be undue subsidization between customers of the same rate class and across different classes of customers.

EPCOR

EPCOR submitted that a retrospective adjustment is patently fair and will result in just and reasonable rates to transmission customers. There are several reasons.

First, the 2002 TA GTA stated that cost changes would be estimated and amortized pursuant to quarterly riders and reconciled annually for all demand and supply customers.[20] Both the 2002 Negotiated Settlement Agreement[21] and the decision that approved it (Decision 2002-64) are silent as to whether an annual, after-the-fact, reconciliation of the deferral account is to be undertaken in respect of amounts collected or refunded via Rider C.

The 2002 Settlement Agreement does describe ". . . in detail the operation of Rider C and the use of quarterly adjustments to 'true up' deferral account balances."[22] However, as the AESO correctly observes, this does not preclude the application of an adjustment mechanism at the end of the year.

Most importantly, it is only through a retrospective reconciliation of the 2002 deferral account that equity and fairness among transmission customers can be achieved. It is respectfully submitted that the Board ought not to countenance any other result.

In its response to BR-AESO-07(a), the AESO outlined factors that would cause a prospective Rider C methodology to yield results that are "materially different" from a retrospective adjustment for 2004 from an individual customer perspective. Most notable of the factors identified by the AESO was the potential for differences, quarter-over-quarter, in the customer's generation or consumption.

Notwithstanding that the response to BR-AESO-07(a) was directed at 2004, the same concerns arise in the context of the 2002 Rider C amounts. In that regard, it is plainly evident from the schedule referenced in the response to Companies-AESO-04(a) that substantial inequities, in the form of windfall gains and extraordinary charges to customers, would result unless the 2002 Rider C amounts were to be reconciled as the AESO proposes. Although certain parties may contend otherwise – say, by characterizing the proposed reconciliation as ". . . reversing the Rider C prospective mechanism . . ."[23] – it is absurd to suggest that, in approving Rider C, the Board could have intended that such inequities be ignored.

For the foregoing reasons, EPCOR respectfully submitted that the proposal by the AESO to reconcile the 2000, 2001 and 2002 deferral accounts on a retrospective basis is entirely fair and appropriate in the circumstances and should be approved by the Board.

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19 Companies Argument, Page 15
20 Application, p. 6
21 2002 Settlement Agreement
22 Application, p. 7.
23 Companies-AESO-04 (a)

FIRM

In reply, FIRM stated it had difficulty with the Companies' position that Rider C should not be unwound. It appeared to FIRM that the Companies want the 2002 Rider C mechanism to be final in addressing deferral accounts but also support an annual accounting reconciliation, which is somewhat undefined. The Companies have further indicated in Argument that symmetry is prevented where Rider C payments/collections are on a variable basis but the reconciliation shortfall/payment is on a fixed lump-sum basis.

FIRM understood the Rider C mechanism was implemented to better match estimated costs and revenues on a going forward basis and thus minimize working capital requirements. However it was FIRM's understanding that the Rider C mechanism was on an estimated basis and that an annual reconciliation was still necessary to finalize deferral disposition. Further to address the Companies' concern with a fixed lump sum adjustment to STS customers the Board could direct the AESO to refund/collect the deferral balance on a prospective variable basis to STS customers as recommended in FIRM Argument.

IPCAA

It was IPCAA's interpretation that the deferral account treatment proposed by the AESO would effectively recalculate the tariffs in place over the deferral period to the level they would have been if the tariff had been set to collect the actual costs incurred[24]. Applying this tariff to the actual utilization of each customer effectively determines the total that "should" have been billed to the customer. This total is compared to the amount actually charged to the customer, with the difference being the deferral amount owed or to be charged.

As part of this treatment, the AESO has proposed that Rider B and C amounts essentially be seen as charges and credits to a customer's account with the AESO over the deferral period.

While such treatment does not provide for appropriate price signals, IPCAA noted the AESO's proposed treatment is essentially the treatment utilized in the determination of the amounts to be collected through the 2000 Pool Price deferral accounts. The deferral account treatment adopted in the allocation of the Pool Price deferral accounts essentially calculated what the tariff "should" have been to recover the actual costs as opposed to the forecast energy costs. IPCAA observed that the 2000 Pool Price deferral accounts were the only deferral amounts that, in absolute scale of costs, form a comparable circumstance to the issues at hand.

Given the similarity between the current deferral accounts and the Pool Price deferral accounts, IPCAA supported the AESO's proposed deferral account treatment.

In reply IPCAA noted that the Companies asserted that the Rider C payments and refunds in 2002 are to be considered final. IPCAA maintained this result clearly would not be consistent with the expectations of the majority of parties affected for at least two reasons. Firstly, it should be recognized that the Rider C mechanism was a replacement for Rider B. The description of Rider B as the Working Capital Deficiency rider is significant as it explains the basis for the rider. As the name implied, the rider was intended to manage the working capital of the AESO. There is no reasonable basis to conclude that parties intended that adjustments to the AESO's working capital needed to be final. Secondly, it is unreasonable to assume that the settlement of

[24] These amounts are reconciled to different periods during the deferral period (i.e. some determinations are on an annual basis, others monthly)

amounts of the magnitude of the Rider C charges and refunds (for example, a refund in excess of $50 million in the first quarter of 2003) would be final without review. Such amounts have not previously been refunded or collected without review.

IPCAA noted that the Companies also took issue with the reconciliation of the deferral amounts, arguing that the deferral account reconciliation must be on the same basis as the tariff. IPCAA claimed in previous Board decisions the Companies view of symmetry has been rejected. The 2000 Pool Price deferral accounts, whose circumstances are similar to the issues at hand, were reconciled on an hourly basis, despite the fact that virtually all of the customers had been served on rates that contained no hourly components.

AE

AE noted that EPCOR had argued that it was only through a retrospective reconciliation of the 2002 deferral account that equity and fairness among transmission customers can be achieved. AE did not agree with this statement as a general proposition. AE was of the view that, in appropriate circumstances, such equity and fairness can also be achieved by disposing of deferral accounts on a prospective basis.

2.4 Views of the Board

The Board notes that various parties have made their case based upon the wording of the 2002 GTA and the Settlement respecting EAL's proposed deferral account reconciliation process. The Board notes that there is a difference in the wording of the 2002 GTA and the Settlement respecting the deferral account reconciliation process.

The 2002 GTA appears to contemplate a recalculation of "the affected tariff rates based on approved cost levels and re-compute bills for the historic tariff period elapsed. The resulting surplus / shortfalls by customer will be amortized on a prospective basis by customer." The Board considers that this approach appears to require a re-computation of customer bills based on revised tariffs (redesigned with the approved cost levels) with any surplus or shortfall amortized on a prospective basis.

The Settlement, on the other hand, seems to contemplate the differences between costs and revenues collected in a quarter, for each cost item, "being attributed to the actual customers who are in the rate class at the time of the adjustment, based upon each customer's usage of the system" and truing up each customer's transmission charge over the subsequent quarter. This approach appears to require the differences between retrospective costs and revenues by cost category being allocated to customers, based upon customer usage, with the differences being trued up over the next quarter on a prospective basis.

The Board was not party to the Settlement and is not able to discern whether there is any significance to the apparent difference between the 2002 GTA and the Settlement and whether the parties to the Settlement deliberately intended a particular interpretation to apply.

The Board does not agree with the AESO's view that the provisions of Clause 20 of the Settlement required the TA to follow the wording of the 2002 GTA respecting this matter. The Board considers that the specificity of Clause 21(i) overrides the general provisions of Clause 20.

The Board notes that it approved the Settlement with wording of Clause 21(i) as follows:

> Following completion of each quarter, the TA will determine the costs attributable to each rate class on a cost category by cost category basis, based on the best available data at the time. These costs will then be compared to the revenue collected in the quarter related to that cost item, with the difference being attributed to the actual customers who are in the rate class at the time of the adjustment, based upon each customer's usage of the system. The adjustment required to true up each customer's transmission charge will be applied evenly over the subsequent quarter (i.e. the first quarter adjustment will be charged in three equal monthly installments in the second quarter.)

The Board notes the submission of the Cities that the TA has not complied with the wording of Settlement Clause 21(i) in implementing Rider C. Particularly, the Settlement requirement following completion of each quarter, to identify the difference between costs and revenues "by cost category basis, based on the best available data at the time" for each of the DTS and STS rate classes separately. The cost category difference was to be attributed to the actual customers who are in the rate class at the time of the adjustment, based upon each customer's usage of the system. The adjustment required to true up each customer's transmission charge was to be applied evenly over the subsequent quarter (i.e. the first quarter adjustment will be charged in three equal monthly installments in the second quarter.)

The Board notes that although variances were determined by cost category for each of DTS and STS, the TA added the variances together and determined one composite Rider C for each rate class (i.e. one for DTS and one for STS) and applied the Rider to each customer's usage on a prospective basis. Accordingly, Rider C as implemented by the TA had no regard to the variances by individual cost category within each rate class.

The Board agrees with the Cities that had the TA followed the wording of Clause 21(i) of the Settlement, and implemented Rider C in a manner that dealt with cost category variances, there likely would have been less variance among customers and perhaps less need to unwind Rider C in the deferral count reconciliation. Therefore, unwinding Rider C and following the AESO's proposed deferral account reconciliation method would produce results that are consistent with the provisions of Clause 21(i) of the Settlement.

For all of the above reasons, the Board considers that it is appropriate to unwind[25] Rider C and to follow the approach suggested by the AESO for the year 2002 deferral account reconciliation. Accordingly, the Board directs the AESO to consider Rider C as interim refundable for the purposes of deferral account reconciliation.

[25] "Unwind" means the AESO will calculate the deferral account balances as though there never was a Rider B or C. The AESO will then allocate these "unwound" deferral account balances to customers and calculate what refund /charge is due each customer. Each customer then pays/receives the difference between the refund/charge due and the amount that has already been paid/received under Rider B and C, adjusted for any carrying charges.

Deferral Account balances are normally verified and allocated to customer rate classes and then either refunded to or collected from individual customers on a retrospective or prospective basis. The Board stated the following in Decision 2003-054:

> The Board notes that it has previously endorsed both retrospective and prospective collections or refunds from utility customers. Generally, the Board has been persuaded that the methodology should be prospective when large numbers of customers are involved and the administrative practicalities to effect a retrospective collection or refund would not be cost effective.
>
> In the current AESO proceeding, the Board notes that the AESO has approximately 60 customers (20 DTS customers and 30 to 40 STS customers)[26]. The Board considers that it would be practical and cost effective to carry out a retrospective allocation of the Article 24 Refund on a customer-by-customer basis such that customers who paid the charges at the time receive the refunds. The Board considers that this method fairly distributes the Article 24 Refund to the AESO customers of record that made the overpayments.
>
> Accordingly, the Board approves the AESO proposal to calculate the Article 24 Refund to each System Access customer based on retroactive customer billings.

For the information of the reader, the Board finalized the disposition of the Article 24 Refund in the context of the Deferral Account Reconciliation in Decision 2003-054. The Board is implementing the Article 24 Refund in this Decision as part of the overall deferral account reconciliation.

3 METHOD OF DISPOSING OF DEFERRAL ACCOUNT BALANCES

3.1 Monthly vs. Annual

3.1.1 Views of the AESO

The AESO noted that a monthly reconciliation was proposed for 2002. However, the AESO viewed this proposal as largely driven by issues surrounding Rider C implementation and as an exception to the preferred and more principled approach of an annual reconciliation mechanism. Had changes such as Rider C not been introduced in 2002, then the AESO would see no reason for altering the otherwise prevailing annual reconciliation mechanism that was used and in effect in 2001, 2000 and earlier periods.

The AESO noted that Encana and Companies had requested monthly data for 2000 and 2001, presumably for a monthly reconciliation. ENCANA and the Companies appeared to justify this approach by suggesting that parties to the approved 2003 Negotiated Settlement never intended the Board from being restricted to make future orders that would cause a monthly reconciliation process to be implemented for 2000 and 2001.

The AESO disagreed and noted the currently approved negotiated settlement specifies the manner in which data collected by the AESO would be reported. As discussed in ENCANA-AESO-02, clause 24 of the 2003 Negotiated Settlement clearly states that reporting is expected to be conducted on an annual basis. The AESO has arranged its affairs to meet this express

[26] Tr. pg 128

obligation. To now suggest that monthly reporting and reconciliation was really intended by the parties, clear doubt would arise on why the AESO and other signatories would have ever expressly committed and agreed to an annual reporting mechanism. It was also naïve to consider that monthly settlement could be achieved without monthly data, as appears to be suggested by the Companies in COMPANIES-AESO-02.

AESO further submitted that reconciliation of 2000 and 2001 on a monthly basis would cause additional costs to be incurred and delay to result. While there is no dispute that monthly reconciliation could be implemented, if ordered, the AESO had no reason to believe that taking such a step would produce significant changes than reconciliation performed on an annual basis. As a result, the AESO simply did not see this approach as being consistent with the terms agreed to by parties to the 2003 GTA. Furthermore, the AESO has no reason to believe the benefits of conducting this task will outweigh the time, effort and costs involved.

In reply, the AESO took issue with the suggestion that the reconciliation should be done on a monthly basis, stating that since the AESO's monthly rates are in many cases simply an allocation of the annual nature of its costs and forecasts, an annual adjustment mechanism was far more consistent with its approved rate design. In the Companies' parlance, it is more "symmetrical" to reconcile deferral account amounts on an annual basis than to do so monthly given that monthly costs are simply an allocation of yearly forecast amounts.

Further, a monthly reconciliation in 2000 and 2001 would require the AESO to consider actual costs incurred in the particular month. Yet as noted in argument and elsewhere, the AESO's cost data has not been arranged on this basis. As a result, the AESO maintained requiring a monthly reconciliation process was both inconsistent and "asymmetrical" to the AESO's rate design and the nature of the costs the AESO recovers through that rate design. Similarly, it was inefficient and administratively burdensome to require monthly reconciliations, given the prevailing annual reconciliation method that has been used and included in the rate design.

The AESO stated that the majority of the AESO's revenue requirement is comprised of annual and not monthly periodic costs. Transmission costs, (i.e. the AESO's largest revenue requirement cost category) are forecast on an annual basis since transmission rates do not, and nor are they expected to, fluctuate from month to month. The AESO's rate design allocates these annual costs on a monthly basis by simple division.

The AESO noted that the rationale for designing rates in this manner again relates to the underlying nature of the cost items. Losses are recovered through a rate mechanism focused on quarterly results, not monthly. The AESO noted that its rate design method has not been seriously challenged in this or other proceedings and, indeed, achieves the rate-making principles of efficiency, stability, administrative ease, non discrimination and fairness.

The AESO recognizes that a monthly reconciliation is proposed for 2002. However, the AESO views this proposal as largely driven by issues surrounding Rider C implementation and as an exception to the preferred and more principled approach of an annual reconciliation mechanism. Had changes such as Rider C not been introduced in 2002, then the AESO would see no reason for altering the otherwise prevailing annual reconciliation mechanism that was used and in effect in 2001, 2000 and earlier periods.

3.1.2 Views of the Interveners

FIRM

FIRM submitted that the AESO should be directed to file an annual deferral account reconciliation in a timely fashion early in the subsequent year. Such filing should include a reconciliation of forecast and actual amounts on a monthly basis by revenue component.

FIRM agreed with the AESO that the intent in the establishment of the deferral accounts was an annual final reconciliation to customers on a retrospective basis. The application of quarterly riders was simply to minimize working capital requirements. Any ongoing shortfall or surplus would have been on an estimated basis only and then amortized prospectively by customer through application of the rider. FIRM suggested that the annual reconciliation approach should be consistent and applied to the deferral account balances for 2000 and 2001 also. Such treatment, FIRM submitted, would have occurred had the AESO not been late in applying for deferral account reconciliations. However, FIRM considered the annual reconciliation of the deferral account should be done on a monthly basis to address fairness concerns.

FIRM was concerned that the AESO wants to utilize a monthly reconciliation process for 2002 but only an annual reconciliation process for 2000 and 2001. The AESO appears to rely on the Negotiated Settlement provision that indicates reporting is to be on an annual basis. With respect, FIRM submitted that reference to annual reporting would merely indicate that there should be an annual filing and reconciliation process but that would not preclude derivation of the annual reconciliation on the basis of monthly data. For instance, applying the AESO Argument to utility GTA matters would suggest that since approval is sought for annual test years that the Board and interveners couldn't examine monthly data.

Furthermore since the AESO clearly indicates that monthly reconciliation is administratively feasible, FIRM submitted the Board should direct that this one-time reconciliation be done monthly to ensure the best matching of costs and revenues and therefore fairness in the rate making process. FIRM also agreed with the Companies Argument at page 23 where a monthly reconciliation for 2000 and 2001 is recommended for a refiling following the Board's decision in this proceeding.

ENMAX

ENMAX noted that the Board in Decision 2001-21 explicitly approved the Transmission Administrator's proposals[27] and that it was noted in that decision that deferral accounts would be disposed of annually with respect to 2000 and 2001.

ENMAX noted from ENCANA-AESO-01 that the amount of losses attributed to specific months of 2002 varies significantly depending on whether the data available at the time of original invoicing is used, or whether the attribution reflects adjustments to the data made at a later date. Given this, ENMAX submitted that it was appropriate to determine the allocation of loss related deferral account balances on an annual basis rather than a monthly basis.

[27] Decision 2001-21, Page 9

While a monthly allocation has the potential to cause significant variations in the allocation of losses to individual AESO customers if the attribution to the month does not reflect finalized information, the use of the methodology used in respect of 2001, which applied the quarterly loss factors and allocates loss deferrals to customers on the basis of each customer's percentage share of the aggregate annual loss deferral account balance will minimize the extent to which later data adjustments result in a misallocation.

Accordingly, ENMAX recommended that the allocation of 2002 losses to customers should be on an annualized basis for the purposes of this present determination of the proper reconciliation of 2002 deferral account balances.

Enron

Enron maintained that the AESO had by and large complied with the Board's directions from Decision 2003-54. However, by running the deferral account reconciliation on the basis of annual data rather than hourly data, it is very likely the AESO's result does not accord with the 2001 Tariffs. [EnCana-AESO-02(d)]. However, by using the information available coupled with independent information, Enron was been able to conclude that any differences between the AESO's proposed deferral account reconciliation and what the Tariffs require it to be, were unlikely to be sufficiently material to warrant opposition to the AESO's application.

In reply, Enron noted the Companies had recommended that the deferral accounts be reconciled on a monthly basis. Enron continued to maintain that an hourly reconciliation was the only fair way to reconcile deferral balances that arose because of volatile hourly charges and was critical of the AESO for not doing so. Nevertheless, Enron continued to not oppose the AESO's approach in this particular circumstance primarily for the sake of timely closure, but suggested that the Board confine its approval to the unique circumstances of this deferral reconciliation.

Companies

Significantly, the method used by the TA was one of re-calculating the charges to each customer as if the TA had perfect information. As the rates at that time were applied on the basis of monthly charges, "perfect information" necessitates re-calculating the monthly charges of each customer for the given period. The Companies therefore submitted that the Board intended the deferral account balances to be calculated on a monthly basis, effectively precluding the "annual basis" proposed by the AESO in this instance.

Additionally, the AESO's proposal to use an annual approach to the "retrospective adjustment" offends the Board's approved rate-making principles:

An annual approach violates the principle of symmetry because it does not accord with the original rate design that charged customers on a monthly basis. This creates cross-subsidies amongst customers that is not warranted and creates discrimination/fairness problems. Because the deferral adjustment is not on a monthly basis, it does not treat similarly situated customers in the same manner. With perfect foresight all rates would have been charged to customers on a monthly basis. By charging retrospectively on an annual basis, the AESO is creating a cross-subsidy between customers as the allocation of charges no longer matches the monthly costs of using the system. The AESO provided an example of the type of distortion this creates when substituting an annual approach for a proper monthly approach in EnCana-AESO-02 – Attachment A. In that case the AESO estimated the difference in 2002 loss charges by

comparing a monthly versus an annual allocation. The differences in allocation methods resulted in customer impacts that ranged as high as $1.8 million.[28] Comparing the customer impacts on a percentage basis resulted in variances from -2140% to +98%.[29]

The Companies are concerned that extending these type of variances, whether absolute or relative to the whole DTS or STS tariff would create substantial and material impacts that should not be ignored. This is especially so in 2000 and 2001 because of the historically unprecedented volatility in monthly transmission costs (i.e., DTS and STS operating reserve charges, STS losses charges) caused by unprecedented volatility in pool prices.[30] Nevertheless, the AESO has not provided enough information to address this issue, which runs counter to the principle of transparency.

A deferral disposition that facilitates cross-subsidies amongst customer does not enhance investor confidence and impairs the purposes of the *Electric Utilities Act*.

For these reasons, the AESO's application of an annual approach to the disposition of the 2000 and 2001 deferral accounts should not be approved.

3.1.3 Views of the Board

The Board notes the AESO's views as to why an annual reconciliation is more appropriate:

- A monthly reconciliation in 2000 and 2001 would require consideration of actual costs incurred in a month although the AESO's cost data has not been arranged on this basis.
- A monthly reconciliation was both inconsistent and "asymmetrical" to the AESO's rate design and the nature of the costs the AESO recovers through that rate design.
- It was inefficient and administratively burdensome to require monthly reconciliations, given the annual reconciliation method that has been included in the rate design.
- The majority of the revenue requirement is comprised of annual and not monthly periodic costs. Transmission annual costs are paid on a monthly basis by simple division.
- Losses are recovered through a rate mechanism focused on quarterly results, not monthly.
- Since the AESO's monthly rates are in many cases simply an allocation of the annual nature of its costs and forecasts, an annual adjustment mechanism was far more consistent with its approved rate design. In the Companies' parlance, it is more "symmetrical" to reconcile deferral account amounts on an annual basis than to do so monthly given that monthly costs are simply an allocation of yearly forecast amounts

[28] EnCana-AESO-02.

[29] The AESO did not provide the percentage difference in EnCana-AESO-02 Attachment 2. They nevertheless can be computed as the ratio of "Difference" to "Monthly Calculation" multiplied by 100.

[30] EnCana-AESO-02.

The Board also notes that Enron continued to not oppose the AESO's approach in this particular circumstance primarily for the sake of timely closure, but suggested that the Board confine its approval to the unique circumstances of this deferral reconciliation. The Board notes that Enron was able to conclude that any differences between the AESO's proposed deferral account reconciliation and what the Tariffs require it to be, were unlikely to be sufficiently material to warrant opposition to the AESO's application.

ENMAX noted that the Board in Decision 2001-21 explicitly approved the Transmission Administrator's proposals[31] and that it was noted in that decision that deferral accounts would be disposed of annually with respect to 2000 and 2001.

The Board has considered the Companies request for monthly reconciliation but the Board is not persuaded that the Companies' proposal is any fairer for 2000 and 2001 than the AESO's proposal and the views of other parties. Further, the Companies have not demonstrated any material unfairness nor persuaded the Board of material incorrectness or inappropriateness of the AESO's approach to annual reconciliation for 2000 and 2001.

As described in the next section, the resolution of distortions arising from the use of initial invoice data rather than production month data is critical if the allocation of loss deferral account balances were to be done on a monthly basis rather than on an annual basis.

For all of the above reasons, the Board considers that an annual reconciliation is appropriate for the year 2000 and year 2001 Deferral Account settlement.

The Board considers that a monthly reconciliation is appropriate for 2002 to be consistent with the monthly approach approved for the Article 24 Refund in Decision 2003-054 and to be consistent with the introduction of Rider C and associated monthly considerations. The Board considers that the monthly approach for 2002 fairly matches payments and refunds given the fact that the Article 24 Refund only applied for the months of January to August 2002. For these reasons the Board considers that a monthly reconciliation is appropriate for the year 2002 Deferral Account.

Accordingly, the Board directs the AESO to use an annual reconciliation for the years 2000 (June-December) and 2001 and to use a monthly reconciliation for the year 2002.

3.2 Production Month vs. Cost Paid Method

3.2.1 Introduction

The "costs paid" approach mixes preliminary production data with other adjustments or corrections in the Pool Statement (Companies-AESO-06). The AESO stated significant adjustments to cost information for transmission system losses occurred throughout the year 2002 as well as into 2003 but the bulk of the differences relate to transfers between months in 2002.

"Production month" considers data according to the original month of production and allocates revisions and changes accordingly back to the originating month.

[31] Decision 2001-21, Page 9

The differences between the "costs paid" and the "production month" approaches also includes timing differences arising from interim and final load settlements.

3.2.2 Views of the AESO

The deferral account and allocation information provided in the Application and updated most recently in BR-AESO-06 Revised (November 3, 2003) was provided on a "cost paid" basis for 2002. Significant adjustments to cost information for transmission system losses occurred throughout the year 2002 as well as into 2003, as set out in the AESO's response to ENCANA-AESO-02 Revised, and the AESO provided an alternative set of deferral account adjustment calculations in COMPANIES-AESO-06.

On further review, the AESO was concerned with the magnitude of the adjustment amount arising when "production month" versus "costs paid" data is compared. The AESO noted that the bulk of the differences relate to transfers between months in 2002, and that the choice affects the results most significantly if 2002 is in fact reconciled on a monthly as opposed to annual basis. AESO noted this result was unforeseen at the time the application was originally prepared. Notwithstanding, now that the AESO has had the opportunity to further consider this issue and given the magnitude of the differences arising, the AESO submitted that principles of fairness should cause the data submitted in COMPANIES-AESO-06 to be preferred and accepted by the Board as the basis for adjustments related to 2002.

3.2.3 Views of the Interveners

AQUILA

Aquila supported the AESO's proposal to adopt a "production month" basis for its 2000-2002 reconciliation, recognizing the magnitude of the differences arising when "production month" versus "costs paid" data is compared. The use of "production month" data is appropriate in this instance due to the time that has elapsed since the deferral account year-end.

However, Aquila does not support delays in reconciliation of future deferral accounts until "production" data is finalized. Similar to the FIRM Group's submission, Aquila suggested the AESO file a timely, annual reconciliation of each future year's deferral account as early as practicable, which would in turn allow the DISCOs to settle their own deferral accounts in a timely manner.

Companies

The Companies noted that had the Companies not asked in COMPANIES-AESO-06(c) that the AESO perform the 2002 account reconciliation using "production month" data (as it had originally refused in EnCana's request), stakeholders, the AESO and the Board would have been left in the dark and the "unforeseen" information would never have been made available.[32]

ENMAX

ENMAX was generally in agreement with EPCOR that reconciliation be on the basis of "production month" totals as opposed to only the information available to the AESO as of January 31, 2003. ENMAX notes that the resolution of distortions arising from the use of initial

[32] EPCOR Argument, page 3.

invoice data rather than production month data is critical if the allocation of loss deferral account balances are done on a monthly basis rather than on an annual basis.

EPCOR

EPCOR stated it was important that the reconciliation be as accurate as possible and EPCOR therefore recommended that it be made on the basis of "production month" totals.

EPCOR submitted that it seemed fair to say that administrative convenience drove the selection of January 31, 2003 as the cut-off date.[33] As the AESO explained in the response to Companies-AESO-6(c), it did not expect material differences to arise between the use of accounting and "production month" amounts. Nevertheless, the information provided by the AESO in that response shows that material differences do indeed result. Neither administrative convenience nor accounting practice should override the fundamental considerations of fairness and equity and the "production month" information must therefore be used in the reconciliation process.

EPCOR submitted that the position of the Companies should be rejected and that the AESO should be directed to reconcile the 2002 deferral account balance on a retrospective basis using "production month" information for that purpose.

FIRM

FIRM submitted that the question of production reconciliation also relates to interim and final load settlement. Since the "costs paid" approach mixes preliminary production data with other adjustments or corrections in the Pool Statement (Companies-AESO-06) there is a mis-match of costs for a particular month. Such mis-match would cause an incorrect statement of transmission costs to the distribution utilities and thence to the end-use customers of the distribution utilities.

To ensure proper matching of costs and revenues FIRM submitted that the deferral reconciliation should be done on a production month basis and a monthly basis and such detail should be provided to the distribution utilities to ensure sufficient data is available to the distribution utilities to enable a proper allocation to end-use rate classes.

Therefore FIRM did not agree with Aquila's position that AESO "as billed" monthly invoices should be the basis for the deferral reconciliation; the preferred "production month" methodology would exclude prior month adjustments and yield a better reflection of monthly "actuals" as the basis for deferral reconciliation.

3.2.4 Views of the Board

The Board considers that the "production month" methodology would exclude prior month adjustments and yield a better reflection of monthly "actuals" as the basis for 2002 deferral reconciliation. For this reason, the Board accepts the results presented in Companies-AESO-06 reproduced as Appendix 5.

Accordingly, the Board directs the AESO to use the "production month" actuals as the basis for 2002 deferral reconciliation as presented in Information Response Companies-AESO-06 reproduced as Appendix 5.

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[33] Companies-AESO-6(c)

4 2000 DEFERRAL ACCOUNT SETTLEMENT

4.1 Introduction

The following table[34] sets out the Deferral Account balances to be settled for each of DTS and STS customer classes for the June to December 2000 period:

Table 1. 2000 (June-December) Deferral Account Refund/(Charge) per AESO

Deferral Account Component	DTS $	STS $	Total $
Interconnection Charge	4,549,421	(448,616)	4,100,805
Operating Reserve Charge	17,214,896	10,141,696	27,356,592
Other SSS Charges	(30,448)	N/A	(30,448)
Losses Charge	53,535,546	N/A	53,535,546
Sub-Totals (before Rider B)	**75,269,415**	**9,693,080**	**84,962,495**
Rider B Unwind	(48,712,149)	(9,725,231)	(58,437,380)
Net Refund (Charge) before GST	26,557,266	(32,151)	26,525,115
GST on Net Refund (Charge)	1,859,009	(2,166)	1,856,843
2000 Customer Refund (Charge)	**28,416,275**	**(34,317)**	**28,381,958**

4.2 Views of the AESO

The AESO proposed that each DTS customer be refunded (or charged) an amount for each component of the June 1, 2000 to December 31, 2000 DTS Deferral Account (including the Rider B unwind) based upon the proportion that each customer's June 1, 2000 to December 31, 2000 billings for that component (before the Rider B unwind) is to the total June 1, 2000 to December 31, 2000 AESO billings for that component before the Rider B unwind. The net of the individual DTS customer refunds and charges for the year 2000 was a refund of $28,416,275.

The AESO proposed that each STS customer be refunded (or charged) an amount for each component of the June 1, 2000 to December 31, 2000 DTS Deferral Account (including the Rider B unwind) based upon the proportion that the customer's June 1, 2000 to December 31, 2000 billings for that component (before the Rider B unwind) is to the total June 1, 2000 to December 31, 2000 AESO billings for that component (before the Rider B unwind). The net of the individual STS customer refunds and charges for the year 2000 was a charge of $34,317.

4.3 Views of the Interveners

ENMAX

ENMAX agreed with the AESO that there was a clear need for retrospective adjustments for 2000 and 2001. While favouring a cancel/rebill approach ENMAX maintained that in light of the costs and time necessary to implement the "cancel/rebill" approach, the methodology and resolution presented by the AESO is reasonable and is fair to all parties.

ENMAX also noted the AESO's proposed methodology was consistent with Decision 2003-054 respecting the method for determining the allocation of the Engage refund. ENMAX submitted that the Board's decision in that matter was reasonable but noted that the use of the methodology adopted by the Board in Decision 2003-054 would prevent the full implementation of the

[34] Companies-AESO-6 Attachment C

"cancel/rebill" methodology, since that methodology could not be applied to the Article 24 portion of the refund because of the Board's determination in Decision 2003-054 that the allocation of the Article 24 refund was final and not to be adjusted as a result of deliberations in subsequent proceedings.

4.4 Views of the Board

The Board notes that the AESO has 32 DTS customers and 37 STS customers. With the relatively small number of customers, the Board considers that it is manageable to allocate the amounts in the 2000 DTS and STS Deferral Accounts on a retrospective basis.

The Board provided its reasons for using an annual reconciliation for the year 2000 in a previous section of this Decision.

The Board notes that the AESO has proposed to allocate the 2000 deferral account balances to individual customers by cost category based on that customer's June 1, 2000 to December 31, 2000 billings for that component to the total June 1, 2000 to December 31, 2000 AESO billings for that component. The Board agrees with the AESO that this proportionate share of billings approach for the total 7-month period is a reasonable method of allocation.

Accordingly, the Board approves the allocation of the DTS and STS 2000 Deferral Account balances to individual customers as shown on Appendix 6.

5 2001 DEFERRAL ACCOUNT SETTLEMENT

The following table[35] sets out the Deferral Account balances, excluding Article 24, to be settled for each of DTS and STS customer classes for the year 2001:

Table 2. 2001 Deferral Account Refund/(Charge) Excluding Article 24 – per AESO

Deferral Account Component	DTS	STS	Total
Interconnection Charge	10,965,737	(1,209,774)	9,755,963
Operating Reserve Charge	(88,170,800)	(88,697,331)	(176,868,131)
Other SSS Charges	6,093,407	0	6,093,407
Losses Charge	0	20,460,429	20,460,429
Sub-Totals (before Rider B)	**(71,111,656)**	**(69,446,676)**	**(140,558,332)**
Rider B Unwind	61,300,003	54,568,511	115,868,514
Net Refund (Charge) before GST	**(9,811,653)**	**(14,878,165)**	**(24,689,818)**
GST on Net Refund (Charge)	(686,816)	(1,041,472)	(1,728,288)
Customer Net Refund (Charge)	**(10,498,469)**	**(15,919,637)**	**(26,418,106)**

[35] Companies-AESO-6 Attachment C

The following table[36] sets out the Article 24 balances to be refunded for the DTS and STS customer classes for the year 2001, consistent with Decision 2003-054:

Table 3. 2001 Article 24 Refund – per AESO

Article 24 Component	DTS	STS	Total
Principal	29,800,001	29,800,002	59,600,003
Interest	1,799,860	1,799,859	3,599,719
2003 Interest	575,832	575,832	1,151,664
Refund (before GST)	32,175,693	32,175,693	64,351,386
GST	2,086,000	2,086,000	4,172,000
Customer Net Refund (Charge	**34,261,693**	**34,261,693**	**68,523,386**

The following table sets out the net of the Deferral Account and the Article 24 balances to be refunded for the DTS and STS customer classes for the year 2001:

Table 4. 2001 Total Deferral Account/Article 24 Refund – per AESO

Year 2001 Component	DTS	STS	Total
Deferral Account	(10,498,469)	(15,919,637)	(26,418,106)
Article 24	34,261,693	34,261,693	68,523,386
Year 2001 Net Customer Refund	**23,763,224**	**18,342,056**	**42,105,280**

5.1 Views of the AESO

In the application, the AESO explained the final deferral account balances have been allocated to individual customers based on their percentage of the total revenues collected by revenue category, with the exception of losses in 2001 and 2002, which require unique treatment as set out below. The AESO claimed this treatment was consistent with the methodology employed to allocate the Engage Settlement funds among customers as set out by the Board in Decision 2003-054.

Losses in 2001 and 2002 have not been allocated on the basis of revenue percentages, as this was not consistent with the manner in which the costs of losses are recovered. In these years, generators paid losses charges on the basis of normalized loss factors. These are the aggregate of raw loss factors that are unique to each generator, and shift factors that apply equally to all generators. Thus, two generators with identical generation profiles paying different losses charges may have been equally affected by higher than necessary shift factors, and deserving of equal refunds. Applying credits or charges on the basis of total revenues received related to losses would produce the incorrect result of refunding different amounts to each generators.

To address this potential inequity, the losses deferral balances have been allocated to customers based on their production in each hour multiplied by the pool price in that hour, summed over the period the revenue shortfall or surplus is being reconciled. The AESO claimed it has calculated this value in a straightforward manner, by dividing the losses revenue recovered from each generator by that generator's normalized shift factor.

This calculation was done on a quarterly basis in 2001 as shift factors are updated quarterly, and on a monthly basis in 2002 to be consistent with the other account category reconciliations being done on a monthly basis for 2002.

[36] Companies-AESO-6 Attachment C

5.2 Views of the Interveners

The views of the interveners with respect to issues surrounding the 2001-year have been captured in prior sections.

5.3 Views of the Board

The Board notes that the AESO has 32 DTS customers and 37 STS customers. With the relatively small number of customers, the Board considers that it is manageable to allocate the amounts in the 2001 DTS and STS Deferral Accounts on an annual retrospective basis.

The Board provided its reasons for using an annual reconciliation for the year 2001 in a previous section of this Decision.

The Board notes that the AESO has proposed to allocate the 2001 deferral account balances to individual customers based upon their percentage of the total revenues collected by cost category. The Board agrees with the AESO that this proportionate share of billings approach is a reasonable method of allocation.

Accordingly, the Board approves the allocation of the DTS and STS 2001 Deferral Account balances and the implementation of the Article 24 Refund to individual customers as shown on Appendix 6.

6 2002 DEFERRAL ACCOUNT SETTLEMENT

Tables 5 and 6 below [37] sets out the Deferral Account balances, and the Article 24 refund to be settled for each of DTS and STS customer classes for the year 2002. Table 7 sets out the net effect of the two matters:

Table 5. 2002 Deferral Account Refund/(Charge) Excluding Article 24 – per AESO

Deferral Account Component	DTS	STS	Total
Interconnection Charge	11,465,496	(7,276,942)	4,188,554
Operating Reserve Charge	(19,060,520)	(23,920,807)	(42,981,327)
Other SSS Charges	132,275	0	132,275
Losses Charge	0	41,178,834	41,178,834
Sub-Totals (before Rider C)	**(7,462,749)**	**9,981,085**	**2,518,336**
2002 Rider C Unwind	19,882,842	29,046,973	48,929,815
Net Refund (Charge) before GST	**12,420,093**	**39,028,058**	**51,448,151**
GST on Net Refund (Charge)	869,406	2,731,964	3,601,370
Customer Net Refund (Charge)	**13,289,499**	**41,760,022**	**55,049,521**
2003 Rider C Unwind	(12,420,100)	(39,028,059)	(51,448,159)
GST on 2003 Rider C	(869,407)	(2,731,964)	(3,601,371)
Customer Net Refund (Charge)	(8)	(1)	(9)

[37] Companies-AESO-6 Attachment C

Table 6. 2002 Article 24 Refund – per AESO

Article 24 Component	DTS	STS	TOTAL
Principal	10,747,877	10,747,877	21,495,754
Interest	642,018	642,016	1,284,032
2003 Interest	207,613	207,611	415,224
Refund (before GST)	11,597,508	11,597,504	23,195,010
GST	752,351	752,351	1,504,702
Customer Net Refund (Charge	**12,349,859**	**12,349,855**	**24,699,712**

Table 7. 2002 Total Deferral Account/Article 24 Refund – per AESO

Year 2002 Component	DTS	STS	Total
Deferral Account	(8)	(1)	(9)
Article 24	12,349,859	12,349,855	24,699,714
Year 2002 Net Customer Refund	**12,349,851**	**12,349,854**	**24,699,705**

6.1 Views of the AESO

The views of the AESO with respect to issues surrounding the 2002-year have been captured in prior sections.

6.2 Views of the Interveners

The views of the interveners with respect to issues surrounding the 2002-year have been captured in prior sections.

6.3 Views of the Board

The Board notes from Table 5 above that the DTS Deferral Account balance shows a deficiency of $7.46 million for 2002 (before Rider C). This $7.46 million deficiency was collected by way of Rider C. However, the Board notes that the $7.46 million collection was accomplished by the following rather circuitous route:

1. Based on forecast costs throughout 2002, the TA charged DTS customers a total of $19.88 million by way of Rider C. This resulted in an over-collection of $12.42 million (i.e. $19.88 million collection less $7.46 million deficiency) at the end of 2002.
2. DTS customers were refunded the $12.42 million over-collection in 2003.

When Rider C is unwound from the AESO DTS Deferral Account the 2002 Rider C charge of $19.88 million becomes a refund of $19.88 million to be included in the AESO DTS Deferral Account as shown on Table 5 above. Similarly, the 2003 Rider C refund of $12.42 million becomes a charge of $12.42 million to be included in the AESO DTS Deferral Account Balance as shown on Table 5 above.

The Board notes from Table 5 above that the STS Deferral Account balance shows a surplus of $9.98 million for 2002 (before Rider C). This $9.98 million surplus was refunded by way of Rider C. However, the Board notes that the $9.98 million refund was accomplished by the following rather circuitous route:

1. Based on forecast costs throughout 2002, the TA charged STS customers a total of $29.05 million by way of Rider C. This resulted in an over-collection of $39.03 million (i.e. $9.98 million plus $29.05 million) at the end of 2002.
2. STS customers were refunded the $39.03 million in 2003.

When Rider C is unwound from the AESO DTS Deferral Account the 2002 Rider C charge of $29.05 million becomes a refund of $29.05 million to be included in the AESO DTS Deferral Account as shown on Table 5 above. Similarly, the 2003 Rider C refund of $39.03 million becomes a charge of $39.03 million to be included in the AESO DTS Deferral Account Balance as shown on Table 5 above.

The Board considers that the above over-collections in 2002 corrected by refunds in 2003 provide further reasons to unwind Rider C and settle the DTS and STS Deferral 2002 Accounts monthly on the basis of the variances by 2002 revenue cost component.

Further, the Board notes again that the AESO has 32 DTS customers and 37 STS customers. With the relatively small number of customers, the Board considers that it is manageable to allocate the amounts in the 2002 DTS and STS Deferral Accounts on a retrospective basis.

The Board notes that the AESO has proposed to allocate the 2002 deferral account balances to individual customers based upon their percentage of the total revenues collected by cost category. The Board agrees with the AESO that this proportionate share of billings approach is a reasonable method of allocation.

Accordingly, the Board approves the allocation of the DTS and STS 2002 Deferral Account balances and the implementation of the Article 24 Refund to individual customers as shown on Appendix 6.

7 METHOD OF 2000-2002 REFUND/COLLECTION (ONE-TIME VS OVER TIME)

7.1 Views of the AESO

In compliance with directions arising from Decision 2003-054, the AESO presented two methodologies for the distribution of funds: a one-time lump sum method and a method based on charging or refunding to customers their respective amounts over 12 equal monthly payments.

The AESO has recommended the single lump-sum approach be used so as to return the Article 24 Refund funds as quickly as possible to customers while recognizing that the collection and refund of funds would not pose a cash flow problem for the AESO.

Argument filed by the Cities also supports the positions advanced by the AESO. The Cities, however, have suggested that if the Board were to approve a lump sum method of refund, the AESO should, as soon as possible and in any event within 15 business days provide refunds to customers.

While the AESO appreciated and will endeavor to effect refunds as early as is practicable, there are potential practical concerns that preclude the AESO from committing to a 15-business day deadline. Refund amounts have been invested in short-term investments, such as bankers' acceptances. Depending upon the timing of any Board Decision, interest revenue earned for the prevailing and entire month may be forfeited if an early withdrawal is required in order to meet an arbitrary deadline.

The AESO also noted that procedures necessary to effect the refund may also require it to first collect funds from other parties, as these amounts would form the basis of the refund. The AESO does not have confidence that a collection and refund process could be carried out within the suggested time frame. Instead, the AESO believes it to be prudent for the Board to impose a more general directive requiring that it take all reasonable steps to have the refunds effected as soon as practicable.

7.2 Views of the Interveners

ENMAX

ENMAX submitted that it has been approximately two years since AESO customers unexpectedly bore increased costs for unanticipated increases in the Transmission Administrator's revenue requirements from TMR costs. Accordingly, refunds should be issued as soon as possible.

Enron

Enron supported the AESO's recommendation for a one time refund or charge. The time that will have transpired before payment of refunds or changes for 2001 has already been longer than would have been expected or, Enron believed, intended by the Board in establishing the 2001 Tariffs.

EPCOR

EPCOR submitted that the lump sum approach remained appropriate and should be approved; at least in respect of STS customers.

IPPCA

Consistent with their position in the Pool Price deferral proceeding, IPCAA supported lump sum treatment.

FIRM

FIRM considered that a one-time basis would provide the funds to the distribution utilities at the earliest time to allow implementation of distribution transmission riders in a timely fashion.

Cities

The Cities supported the AESO's proposal for a lump sum one-time payment of the refund. With respect to collections from any customers that would face financial difficulties, the AEUB may wish to consider the option of payment over time, subject to an appropriate recovery of interest.

AQUILA

Aquila stated that it has worked with the AESO to determine the appropriate deferral account balances for both Aquila itself and previous customers of Aquila now served directly by the AESO. Aquila understands the revised schedules filed by the AESO on November 3, 2003 address any discrepancies that have been identified, and that those revised schedules are materially correct as they pertain to Aquila.

Companies

The Companies requested that the Article 24 refunds be segregated and remitted without delay. Now that the Board and the AESO have a better picture of the amounts to be refunded, the payments can now be made.

7.3 Views of the Board

The following table[38] sets out the total Deferral Account balances and Article 24 balances to be settled for each of DTS and STS customer classes for the years 2000, 2001 an 2002:

Table 8. Total 2000-2002 Customer Refund (Charge) – Board Approved

Year	DTS ($)	STS ($)	Total ($)
2000	28,416,275	(34,317)	28,381,958
2001	23,763,224	18,342,056	42,105,280
2002	12,349,851	12,349,854	24,699,705
Total 2000-2002 Customer Refund	**64,529,348**	**30,657,595**	**95,186,943**

The Board notes from Table 8 above and from Appendix 6 that the AESO has funds in the amount of $64,529,348 available for distribution to DTS customers. This amount is broken down as follows:

- Twenty-seven DTS Customers with a refund totaling $64,536,362
- Five DTS Customers with a charge totaling $7,014

The Board notes that interested parties were generally in support of a lump sum refund or charge for approved Article 24 and Deferral Account balances. The Board generally considers this to be appropriate as set out in the following directions to the AESO.

The Board directs the AESO to make a one time refund (totaling $64,536,362) or charge (totaling $7,014) to each DTS customer on or before December 31, 2003 if practical, based on its commercial judgment. If the AESO, in its sole judgment, determines that it is not practical to make the refund on December 31, 2003, the Board considers that the refund should be paid by February 1, 2004. In determining the actual date of refund, the Board considers that the AESO

[38] Companies-AESO-6 Attachment C

will consider the additional interest credits that would accrue from delaying any refunds vs. any loss of interest from redeeming financial instruments before their due date. Further, the Board considers that the AESO will consider its funding requirements and any necessity for short-term borrowing or the need for an imposition of Rider B. For charges owing to the AESO from DTS customers, the AESO should invoice the parties by December 31, 2003 for payment within 30 days on a one-time basis. The Board considers that the AESO should advise parties by December 30, 2003 as to its timing intentions for refunding the amounts to both DTS and STS customers as well as the estimated individual amounts to be refunded to each customer.

The Board notes from Appendix 6 that the AESO has funds in the amount of $30,657,595 available for distribution to STS customers. This amount is broken down as follows:

- Twenty STS Customers with a refund totaling $32,776,309
- Seventeen STS Customers with a charge totaling $2,118,715

The Board directs the AESO to make the total refund of $32,776,309 to the 20 STS customers with a refund on or before December 31, 2003 if practical consistent with its commercial judgment and the Board's comments for DTS customers as described above. If the AESO considers it necessary or appropriate or if requested by those customers for any amounts in excess of any refunds individual customers are entitled to, the AESO may allow the seventeen STS customers with a charge to pay the AESO in three equal installments in the first quarter of 2004 i.e. the months of January 2004, February 2004, and March 2004 together with carrying charges. The Board considers that the AESO, in its sole judgment, may decide whether to grant installment payments based on materiality and other considerations.

The Board directs the AESO to ensure that all amounts owing from customers or refunds to customers should be accompanied by the appropriate carrying charges or interest credits from the original date until fully paid or refunded.

The Board has considered the request for a refiling and does not consider that it is necessary. However, the Board recognizes that the AESO may uncover further errors in the AESO's data when making the actual refunds and charges. Accordingly, the Board directs the AESO to file a final reconciliation, for information purposes only, within 60 days after all amounts have been collected or disbursed but no later than July 1, 2004.

8 FUTURE RIDER C ON A REVENUE CATEGORY BASIS

8.1 Views of the AESO

The AESO proposed a Rider C based on major revenue categories as shown on Appendix 7. Commencing at paragraph 54 of their argument, the Companies request a further modification to that proposed by the AESO. The Companies seek to have the major revenue categories to which Rider C is to apply enumerated and detailed. The AESO stated that it has carefully considered this request, but does not see any incremental increase in transparency arising as has been suggested by Companies. Major revenue categories are already enumerated in STS and DTS rates. Therefore, to detail the major revenue categories in the STS and DTS rate sheets and then again on the Rider C rate sheet would be redundant.

The AESO has observed that stakeholder concerns regarding volatility in cost data appear to be centred primarily on Transmission Losses, and the response regarding the adjustments set out in ENCANA-AESO-01 supports that concern. The AESO submitted that the complete unbundling of all revenue accounts may be beyond that which is needed to achieve the desired objective, and as an alternative, only the Transmission Losses revenue account needs to be broken out of the STS revenue accounts to achieve a significantly improved result in emulating more accurate forecast information.

The AESO would not object to being directed to re-file an amended Rider C rate separating out only transmission losses from the other revenue accounts; all other revenue accounts (whether for DTS or STS) would continue to be charged on a $/MWh basis as the Rider C mechanism has functioned in the past. This amended proposal could be made effective for consumption commencing January 1, 2004, with the existing deferral account treatment used to address any balances remaining from 2003.

The AESO was not of the view that a trial period is essential or necessary, however the AESO recognized that stakeholders might have differing views on this topic. It was simply another option that the Board may wish to consider in transitioning towards a fully prospective methodology.

In reply the AESO noted that in paragraph 60 of their argument, the Companies take issue with the proposed trial period concept for reconciliation of deferral accounts in 2004. From the AESO's perspective, what gives rise to this objection may be a misunderstanding as to the reasons why the AESO has suggested this concept.

The AESO explained the trial period concept was proffered as an alternative to applying Rider C in 2004 as the sole means used to reconcile deferral accounts and on a fully prospective basis. The trial period is an alternative to this. While Rider C would be used as the primary means to reconcile deferral accounts in 2004 (i.e. prospectively), use of a retrospective adjustment mechanism would be applied at the end of the year. In this way, the AESO suggested the fairness of reconciling deferral accounts using only a prospective method could be assessed in future years, e.g. 2005, by reviewing the magnitude of the retrospective adjustments made relating to 2004.

The AESO has also noted the concerns expressed regarding its proposed methods for reconciling deferral accounts in 2004. In the AESO's respectful submission, while each of the "purely prospective" or "trial basis" prospective options have merits and disadvantages, what should be of foremost concern is that once a methodology is chosen, it would be inappropriate to leave open the possibility of allowing substantive changes in the adopted methodology for the period in which the method was intended to be applied. Regulatory certainty and stability objectives should govern.

FIRM and others have raised concerns on the suggested timing and nature of future reconciliation filings being made on an informational purposes basis, and the need for regulatory process arising only by way of complaint. The AESO interpreted this concern as relating to the possible elimination of regulatory oversight of deferral account reconciliation matters.

With respect, the AESO did not share this concern. The need for formal regulatory process should be based on whether issues arise in respect of the information provided by the AESO to customers. The AESO did not believe that this information must necessarily take the traditional form of a regulatory application in order for it to obtain customer feedback. Instead, reconciliation information could be provided to customers through informal yet transparent methods, such as mail outs or web site postings. If issues arise for customers following the delivery of and consultation concerning such information, the AESO understood the complaint process to be one that would allow any party to then request a formal regulatory proceeding.

8.2 Views of the Interveners

ADC

With respect to the approval of prospective rates, the ADC would like to see the AESO improve their forecasting accuracy prior to the Board approving a fully prospective Rate Rider C. Until such time as the AESO can provide improved forecasting accuracy, the ADC submitted that each deferral year should be subject to a final adjustment mechanism.

ENMAX

Decision 2003-054 directed the AESO to use the present application to address the practicality of implementing Rider C on a revenue account category differentiated basis.[39] This direction appears to be based on the belief that the distribution of Rider C on a revenue account differentiated basis might minimize the need to redistribute charges by revenue category on an individual customer basis at the time of deferral account reconciliation.

At this time ENMAX did not support the suggestion made in Decision 2003-054 that the AESO file future deferral account reconciliations on a "for information" basis only, and for more detailed examinations of calculations to be initiated only on a complaint basis[40].

As evidenced by the significant number of changes to the deferral account balance allocations proposed in the AESO's initial September 15, 2003 application that were precipitated by information requests from a number of interested parties, ENMAX maintained there was significant potential for complaints to arise in relation to the AESO's allocation proposals and anticipated efficiencies may not be realized. Furthermore, ENMAX noted that deferral account reconciliation is "zero sum", so it was unlikely that all parties will consider their interests will be unaffected by a complaint regarding a proposed deferral account balance allocation initiated by another party. In light of the above, ENMAX suggested that a move to a complaint basis for deferral account reconciliation may be impractical at this time.

ENMAX agreed with the AESO that to effect the change suggested by the Board, it would be necessary to modify Rider C so that Rider C charges and credits are consistent with the underlying rate structure of the approved tariff[41].

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39 EUB Decision 2003-054, pp. 19-20
40 EUB Decision 2003-054 p. 20
41 AESO September 15 Application, p. 15

However, ENMAX did not agree that by merely providing clear notice to all AESO customers that deferral account imbalances would be settled on a final basis through a restructured revenue account differentiated Rider C was sufficient to permit the elimination of year-end reconciliations. ENMAX submitted that the provision of clear advance notice that a revised Rider C approach will apply in respect of a future period would not address the potential for Rider C to create inappropriate gains and losses relative to approved revenue requirement allocation principles that would be reflected in rates if the AESO had the ability to base its rates on perfect forecasts of final costs and of final billing determinants.

FIRM

FIRM indicated in Argument its preference to have Rider C implemented on a revenue category basis for DTS and STS customers. However FIRM submitted that Rider C was simply a forecast adjustment and should not preclude the necessity for an annual true-up to actuals at year – end.

FIRM did not have a comment on the further refinement of the STS Rider C to incorporate a separate transmission losses category. FIRM continued to support Rider C to be based on a variable charge, on a $/MWh basis.

Companies

The Companies generally supported the amended Rate Rider C. However, in keeping with the principle of transparency, it was suggested that additional clarity would be beneficial. Specifically, a further amendment to enumerate the "major revenue categories" to which the Rider is to apply would be helpful. For example, the rider should make reference to DTS and STS Interconnection Charges, Operating Reserve charges, Other System Support Service charges and STS loss charges. This is not intended to limit the application of Rider C but instead to provide transparency to customers. This will promote efficiency in transmission usage as well as in the regulatory process. Appropriate language to encompass additional "major revenue categories" if such arises would also be of assistance.

The Companies opposed a trial concept. A trial concept introduced considerable uncertainty. The AESO has not sought a formal approval and there is no demonstration of how the trial concept is to work.

In reply, the Companies noted that the AESO would not object to accounting for Rider C by only separating out line losses from all other revenue accounts. While the Companies were sympathetic to the objective of minimizing the redistribution of charges between the revenue categories of individual customers it may well be that there are major variances with respect to other revenue categories in the future and tracking by revenue category would assist the transparency of future adjustments. The Companies submitted that this objective would be furthered if the AESO would provide a full and transparent disclosure of the on-going revenue and costs for each revenue category, and the on-going Rider C adjustments. The simplest way of attaining full disclosure is through the application of individual Rider C adjustments for each revenue category as proposed in the Application.[42]

[42] Application, Appendix E

ADC

With respect to the approval of prospective rates, the ADC would like to see the AESO improve their forecasting accuracy prior to the Board approving a fully prospective Rate Rider C. Until such time as the AESO can provide improved forecasting accuracy, the ADC submits that each deferral year should be subject to a final adjustment mechanism.

IPCAA

If, despite the best efforts of the AESO, the deferral amounts do become significant, the proposed methodology should be revisited. By way of example, IPCAA did not believe that the refund of $55 million in the first quarter of this year by way of Rider C would qualify as a rider that should be approved on a final basis without review.

EPCOR

EPCOR submitted that it would be premature, at least, for the Board to approve a totally prospective Rider C rate adjustment mechanism for 2004. Further assessment and understanding by all parties of the implications for fairness and equity of a prospective rather than retrospective reconciliation are necessary before such a fundamental shift in deferral account treatment should be adopted. EPCOR would therefore support the AESO being directed to convene a stakeholder process to review these issues and to report back to the Board.

8.3 Views of the Board

The Board considers that the AESO should determine a revenue-account specific Rider C adjustment and implement it on a quarterly prospective revenue basis for each of the following DTS revenue (cost) categories:

a) Interconnection Revenues/(Costs)

b) Operating Reserve Revenues/(Costs)

c) Other Ancillary Services Revenues/(Costs)

Similarly, the Board considers that the AESO should determine a revenue-account specific Rider C adjustment and implement it on a quarterly prospective revenue basis for each of the following STS revenue (cost) categories:

a) Interconnection Revenues/(Costs)

b) Operating Reserve Revenues/(Costs)

c) Transmission Losses Revenues/(Costs)

The Board notes that the AESO billing engine is capable of implementing this change effective January 1, 2004.

The Board considers that it is an unnecessary degree of refinement to attempt to design Rider C to reflect the underlying rate design (e.g. the underlying rate design may include charges on a $/MW/month, a $/MWh and a percentage of pool price basis.) for the Interconnection, Operating Reserve, Ancillary Services and Transmission Losses revenue categories. The Rider C amounts

for the revenue categories should be collected or refunded on a simple $/MWh basis as shown in the following table:

Table 9. Rider C Rate Design for each DTS and STS Revenue Category

Revenue Category	Rate Class	Quarter (n) Shortfall/Excess	Quarter (n+1) Prospective Revenue Category Rider C
Interconnection	DTS&STS	$ A Dollars	$/MWh= $A/Forecast Q (n+1) MWh
Operating Reserves	DTS&STS	$ B Dollars	$/MWh= $B/Forecast Q (n+1) MWh
Other Ancillary Services	DTS	$ C Dollars	$/MWh= $C/Forecast Q (n+1) MWh
Transmission Losses	STS	$ D Dollars	$/MWh= $D/Forecast Q (n+1) MWh

The Board considers the AESO should file a revised Rider C reflecting the above Board views on or before January 1, 2004.

Accordingly, the Board directs the AESO to implement the Board's findings in this Decision, without further approval from the Board, effective for service starting January 1, 2004, a quarterly Rider C determined for each of the following revenue (cost) DTS categories:

- Interconnection Revenues/(Costs)
- Operating Reserve Revenues/(Costs)
- Other Ancillary Services Revenues/(Costs)

The Board directs the AESO to implement the Board's findings in this Decision, without further approval from the Board, effective for service starting January 1, 2004, a quarterly Rider C determined for each of the following revenue (cost) STS categories:

- Interconnection Revenues/(Costs)
- Operating Reserve Revenues/(Costs)
- Transmission Losses Revenues/(Costs)

The Board directs the AESO by January 10, 2004 to refile its Rider C for acknowledgement by the Board.

Further, the Board directs the AESO to evaluate the Revenue Category Rider C during a six-month trial period in 2004. The AESO, as part of the six month trial evaluation, should compare the individual customer results under the prospective quarterly Rider C methodology versus a Rider C unwind and a retrospective monthly analysis using the Board approved 2002 methodology. The Board considers that the Rider C unwind and retrospective monthly analysis method should not necessarily be regarded as the only correct and accurate method of disposing of the deferral accounts and hence the standard upon which to measure the appropriateness of the prospective Rider C approach. On the other hand the Board considers that the chosen method should ensure that customers whose consumption can shift dramatically between quarters are not the recipients of undue windfalls or charges. The Board considers that the AESO should clearly evaluate both methods and recommend an approach that is appropriate considering all of the circumstances.

The Board directs the AESO to provide the results of the trial and the AESO's recommended method to be used for 2004 to the Board and interested parties on or before September 1, 2004 so that the Board can determine if it is appropriate to implement the AESO's proposal for the 2004-year.

The Board directs the AESO to provide the results of the trial and the AESO's recommended method to be used for 2005 to the Board and interested parties on or before September 1, 2004 so that the Board can determine if it is appropriate to introduce a prospective reconciliation procedure for 2005 commencing on January 1, 2005.

The Board directs the AESO to include in its evaluation the possibility of filing future (2005+) deferral account reconciliations on a complaint basis. The Board considers that the AESO's performance in handling future deferral account matters will weigh on the ultimate decision in this matter. The Board considers that it retains the discretion to invoke an appropriate process should any party be concerned with the AESO's filing or handling of any deferral account matter. Finally, the Board notes that it also retains audit rights.

9 FUTURE 2003, 2004 AND 2005 DEFERRAL ACCOUNT METHODOLOGY

9.1 Background

Clause 6(c) of the AESO 2003 Negotiated Settlement states as follows:

> notwithstanding any other provision contained in this Settlement, the Settlement sets no precedent on any particular or individual issue in any future proceeding or forum and does not preclude or prejudice the rights of the Parties to pursue any issues of concern to them, including, without limitation, definitions, cost components, Board directives or deferral account reconciliation, in any proceeding in respect of 2003 or any future year;

Clause 13 of the AESO 2003 Negotiated Settlement states as follows:

> With the assistance of Parties to this Settlement, the AESO has identified an inconsistency in its losses methodology which lead to the over-recovery for losses in the first half of 2003. The ISO will amend its methodology for 2004. Rider C, while ultimately to be dealt with in the deferral account reconciliation, will be used, on an interim basis, to adjust for the over-recovery in the remainder of 2003.
>
> The appropriate methodology used by the ISO to reconcile the 2003 deferral account balances may also be raised by Parties as an issue for the Board to determine in any proceeding established to consider the Bundled Application.

Clause 25 and 26 of the AESO 2003 Negotiated Settlement read in part as follows:

> Specifically, Parties may seek to clarify the manner in which Riders B and C are to be applied to the deferral account reconciliation methodology for 2003 as well as any arising changes related thereto. Parties acknowledge and agree that any Board decision that concerns the method used by the ISO to reconcile 2003 deferral accounts may impact and cause amendments to the revenue requirement and rates as set forth in this Settlement. Parties further acknowledge and agree that any Board decision that concerns the Engage Settlement proceeding may also cause amendments to the revenue requirement and rates set forth in this Settlement. Notwithstanding the foregoing and for greater certainty, the accounting treatment for Rider D will be taken into account in the 2003 deferral account reconciliation as if the rate associated with Rider D had been in effect and charged during the period January 1, 2003 to May 31, 2003.

The AESO has from time to time included notes on its web-site respecting Rider C involvement with the 2003 deferral account reconciliation. The following note appeared respecting the February 2003 deferral account summary:

> As part of the 2002 Negotiated Settlement, it was agreed that each quarter's deferral would be "trued-up" in the following quarter through Rate Rider C. NOTE: ***This true-up is not intended to settle the 2003 deferral accounts. The final settlement of*** 2002 / ***2003 deferral accounts will be subject to EUB review***. The "true-up" is intended to occur by refunding and/or recovering the deferral amounts over the following quarter through a per MWh adjustment to the STS and DTS rates. (emphasis added)

9.2 Views of the AESO

The AESO urged the Board to ensure that a clear and unambiguous direction is given as to the method that should be applied for 2004 methodology, e.g. if retrospective adjustments are in fact to be made relating to the period. Such an approach will hopefully alleviate any future misunderstandings concerning the method by which adjustments should be implemented by the AESO for rate making purposes.

The AESO saw no downside in the Board making a determination in this proceeding on its expectations of how the AESO should manage the 2004 deferral account reconciliation task. The two methods proposed by the AESO were the subject-matter of this application. In the AESO's view, all parties have been provided with the opportunity to test the proposals and file evidence in respect of these matters. As a result, the AESO saw no issue of lack of due process or unfairness arising in having the Board make a determination in this proceeding on how deferral account reconciliation should be carried out in 2004.

The AESO also responded to EPCOR to clarify how it proposed to reconcile the 2003 and 2004 deferral accounts. For 2003, the AESO would expect deferral account balances to be reconciled on the same basis as the methodology applied for in 2002, namely use of a retrospective approach. With respect to 2004, the AESO remained of the view that movement towards a purely prospective methodology remained appropriate.

The AESO, in responding to ENMAX, stated that it did not believe that the issue of how the 2004 deferral accounts are reconciled had to wait until the 2004 GTA. As noted in reply submissions to the Companies, the record in the present proceeding was sufficient to allow the Board to make a determination on whether full prospective treatment or a trial period concept should be implemented for 2004. The earlier this decision is made, the greater will be the level of certainty for customers on rate design and in particular deferral account reconciliation methods to be used for the upcoming tariff period.

The AESO noted FIRM had raised concerns on the suggested timing and nature of future reconciliation filings being made on an informational purposes basis, and the need for regulatory process arising only by way of complaint. The AESO interpreted this concern as relating to the possible elimination of regulatory oversight of deferral account reconciliation matters.

The AESO did not share this concern. The need for formal regulatory process should be based on whether issues arise in respect of the information provided by the AESO to customers. The AESO does not believe that this information must necessarily take the traditional form of a regulatory application in order for it to obtain customer feedback. Instead, reconciliation information could be provided to customers through informal yet transparent methods, such as mailouts or web site postings. If issues arose for customers following the delivery of and consultation concerning such information, the AESO understood the complaint process to be one that would allow any party to then request a formal regulatory proceeding.

9.3 Views of the Interveners

ADC

The AESO proposed the movement to a purely prospective rate adjustment mechanism but also acknowledged that stakeholders may not have adequate confidence with the AESO's forecasting accuracy.

> "While the AESO appreciates the difficulties inherent in the retrospective adjustments and reconciliation, and supports moving towards a totally prospective rate adjustment mechanism, the AESO is not convinced that stakeholders have adequate comfort with the forecasting accuracy of the AESO..."[43]

FIRM

FIRM was in agreement with the AESO that the nature of the 2004 methodology should be clearly stated by the Board. FIRM submitted that such deferral account methodology should be on a retrospective basis for 2004 and the reconciliation determined on a monthly production basis.

In reply to Aquila's comments, FIRM stated that it agreed for DTS customers such as Aquila an early reconciliation after the calendar year-end would facilitate an early refund/collection rider filing by Aquila for its own transmission deferral account reconciliation with end-use rate classes.

[43] Application p. 16

However it would have to be recognized that the AESO's cut-off date, at say 31 January, should include monthly actuals up to the month when final load settlement has been received and an estimate for the remaining months that are still subject to final load settlement. FIRM stated this AESO proposal would facilitate an early reconciliation process but it must be recognized that there would still be a carry-over adjustment to actuals in the next AESO annual reconciliation process.

Companies

The Companies noted the AESO's 2004 proposal appeared to favour the use of Rider C but also sought the option to completely "unwind" the prospective approach in favour of retrospective adjustments[44] in the same manner as it proposes for 2002. The Companies were not clear if the proposal for 2004 was in the nature of a "trial balloon" floated by the AESO or whether the AESO actually seeks the Board's approval for a "trial concept." The uncertainty of the status of the concept is increased because the AESO does not consider the trial period concept as a first choice.

The Companies opposed the trial concept as it introduced considerable uncertainty. The AESO has not sought a formal approval and there was no demonstration of how the trial concept is to work.

The trial period concept offended the Board's approved rate-making principles:

a) It creates inefficient behaviour as decisions to use the transmission system and to participate in the energy market are made using the wrong information.

b) The concept violates the principle of symmetry where variable charges/credits (i.e., Rider C) are not reversed on a variable basis but replaced with fixed charges.

c) The decision to retroactively impose fixed charges/credits (calculated retrospectively) to unwind prospective variable charges/credits creates customer impacts that are unfair and discriminatory because no decision can be made to alter the use of the system after the fact.

d) Investor confidence is harmed by the asymmetry and uncertainty of the concept.

e) As witnessed with the 2002 deferral accounts, "unwinding" Rider C and altering the deferral mechanism is not administratively easy.

ENMAX

In reply ENMAX noted that the Companies argument took issue with the presumption of the AESO that the 2003 Negotiated Settlement Agreement provides support for retrospective reconciliation in respect of 2003 deferral account balances.[45] ENMAX submitted that the position of the Companies on this issue is incorrect. While the 2003 Negotiated Settlement contains a clause that defers consideration of deferral account reconciliation procedures until now, this did not negate the fact that the 2003 Negotiated Settlement contains provisions that require a retrospective reconciliation for 2003.[46]

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44 Application, page 16

45 Companies Argument, Paragraph 38

46 See ENMAX Argument, Section VIII and Article 13 of the 2003 NSA.

In accordance with the above, ENMAX supported EPCOR's submission that the AESO be directed to reconcile the 2003 deferral accounts on a retrospective basis.

With respect to 2004 ENMAX concurred with FIRM that it was premature to consider a complaints only basis for deferral account reconciliation. Until it can be shown that forecast errors will be small, there must continue to be a year-end reconciliation. As such, it was not appropriate or reasonable at this time to determine in advance that all 2004 deferral account balances will be settled through Rider C. For this reason, ENMAX considered that it would be inappropriate to finally move to a purely prospective approach until there has been a further trial period.

AE

AE noted that ENMAX had indicated it did not support the AESO's position that it file future deferral account reconciliations on a "for information" basis only. AE concurred with this view, as the AESO's experience to date does not demonstrate that its approach to handling deferral accounts was sufficiently clear and well understood so as to warrant such "hands-off" treatment at this time. AE considers this suggestion to be premature at this point in time

EPCOR

EPCOR submitted that it would be premature, at least, for the Board to approve a totally prospective rate adjustment mechanism for 2004. Instead, EPCOR strongly recommended that the Board direct the AESO to reconcile the 2003 Rider C amounts (and Rider B amounts, if any) on a retrospective basis (and based on production results) as soon as all necessary information becomes available.

IPCAA

IPCAA interpreted the AESO's proposal for treatment of future deferral amounts to be one that collects any accumulated deferrals on a prospective basis, with the application of the prospective charges to be targeted to the component of the tariff that collects the deferred costs in question.

IPCAA stated the effect of such treatment is that the effective tariff is adjusted over time, with the tariff changing periodically to "zero in" on appropriate level of revenue. The effect of this is a perpetual mismatch between the costs and the tariff in a period due to the lag resulting from the riders. As long as the size of the rider is small relative to the tariff this creates little concern. If the deferral balances on a go forward basis are as large as they have been, this approach could result in considerable volatility in the tariff level. Assuming the AESO will take actions to improve forecasting of costs and thereby reduce deferral balances, IPCAA supported the AESO's proposed treatment for future deferral amounts.

Aquila

Aquila noted the deferral account reconciliation timing issues mentioned by the AESO in Information Responses Companies-AESO-05(b) and Companies-AESO-06(c), and supported the AESO's approach of selecting an early cut-off date for cost and revenue to allow an earlier, rather than later, reconciliation of deferral account balances. Aquila advanced a similar early reconciliation approach in its own 2002 Transmission Deferral Account application.

Aquila stated it would be especially concerned if the AESO's reconciliation were delayed until August or September of any given year. In that case Board approval would likely not be received until December, and Aquila's own deferral account application would then follow more than twelve months after the end of the year being reconciled. A rider to refund or collect amounts, if needed, would likely not be implemented until some 18 months after the reconciliation.

9.4 Views of the Board

The Board agrees with the concerns of interveners that the deferral account reconciliation process needs to be improved. The Board is particularly concerned with the time delays and the number of errors that occurred during the process of reconciling the 2000-2002 deferral accounts.

Accordingly, the Board directs the AESO to file a schedule, on or before March 1, 2004 setting out a proposed process for the 2003-year Deferral Account Reconciliation. The schedule should show an expected 2003-year filing date early in 2004 that would result in a much earlier final reconciliation for the 2003-year.

Further, the Board directs the AESO to propose a 2003 deferral account reconciliation on the same basis (i.e. retrospective and monthly) as that used for 2002.

The Board directs the AESO to file a schedule, on or before September 1, 2004, setting out a proposed process for the 2004-year Deferral Account Reconciliation. The schedule should show an expected 2004-year filing date early in 2005 that would result in a much earlier final reconciliation for the 2004-year.

Further, the Board directs the AESO to take steps to improve the accuracy of the deferral account reconciliation process for both 2003 and 2004.

As noted in the previous section, the Board will deal with the appropriate method to be used for the 2004-year and 2005-year after receipt of the AESO's recommended approach based upon the results of the prospective Rider C trial.

10 AMENDMENT TO AESO TERMS AND CONDITIONS

10.1 Views of the AESO

The AESO proposed an amendment to the AESO's terms and conditions of service to deal with the collection/refund of amounts due from previous generators/PPA holders and/or DTS customer locations that must now be collected/refunded from/to the current owner of the generator or PPA holder, as directed by the Board in Decision 2003-054.

In argument the AESO stated that it was not aware of any opposition to the proposed amendment.

10.2 Views of the Interveners

Companies

The Companies understood that the proposed Article 23.5 would require the AESO to charge or credit the "customer-of-record" on a going forward basis for transmission service. This includes applying all rates and deferral adjustments, whether retrospective or prospective, to the customer-of-record.

The modification appears to be consistent with the Board's accepted rate-making principles:

- The proposed Article 23.5 provides greater transparency and certainty as to the rights and obligations of customers.
- The proposed Article 23.5 is fair because it treats similarly situated customers in the same manner. It would be open to parties to contract amongst themselves in order to achieve greater certainty of which party holds the final monetary rights and obligations arising from the AESO's tariff.
- The proposed Article 23.5 eases the administrative burden of the AESO without compromising other rate-making principles.

The Companies supported Article 23.5.

ENMAX

In its reply argument, ENMAX stated that it had raised a number of issues that must be resolved before this proposal can be implemented.

ENMAX submitted that parties must be given time to accommodate this change. In particular, ENMAX reiterated its view that there should be appropriate grandfathering arrangements so that stakeholders, who have entered into arrangements and who are unable to account for this amendment, should not be adversely affected.

ENMAX, therefore, submitted that the Board, in this decision, should only provide directional guidance in respect of Article 23.5 and leave detailed implementation of the contemplated amendment for further discussion within the upcoming 2004 GTA proceeding.

Enron

Enron did not take a position on the merits of the wording proposed, other than to support the AESO's position that the amendment should apply only to assignments executed after the effective date for which the proposed article is approved.

FIRM

FIRM did not have a concern with the AESO's proposal.

10.3 Views of the Board

The Board notes the concerns of ENMAX respecting the proposal. The Board notes that other interveners did not take issue with the AESO proposed Article 23.5.

The Board has reviewed the AESO proposal and considers it to be appropriate. The Board considers that the ENMAX concerns are appropriately addressed by making the Article 23.5 prospective and not effective until January 1, 2004.

Accordingly, the Board approves the AESO proposed amendment to the AESO's terms and conditions of service to deal with the collection/refund of amounts due from previous generators/PPA holders and/or DTS customer locations that must now be collected/refunded from/to the current owner of the generator or PPA holder. The Board has attached the approved amendment to the AESO's terms and conditions as Appendix 8. The Board approves the amendment effective January 1, 2004.

11 TREATMENT OF TRANSMISSION CONNECTED DISTRIBUTION CUSTOMERS

11.1 Views of the AESO

The AESO noted that it intends to provide the relevant credits or charges directly to customers who are dealing directly with the AESO, for the period the customer was dealing directly with the AESO. If the customer was dealing with a distribution company for a portion of the relevant period, then those credits or charges would be applied to the distribution company (as the distribution company was the AESO's customer at that time for that load). The AESO submitted that this was consistent with the AESO's proposed treatment in the Article 24 proceeding.

The AESO submitted that during the course of the Article 24 Refund hearing, the AESO was requested by Aquila to address all credits or charges for customers who now deal with the AESO, for the total period instead of just for the period the customers dealt directly with the AESO. The AESO agreed to this process, and the Board approved this process in Decision 2003-054.

The AESO submitted that it was not opposed to addressing other similar requests, including the request recently received from Imperial Oil on October 28, 2003[47] subject to Board approval of the treatment of the customer request.

11.2 Views of the Interveners

AE

In reply AE noted that IPCAA had advocated a position which it termed equal treatment of customers, particularly those of AE and Aquila. AE has always acknowledged that it treats such customers differently than Aquila. AE never did have the equivalent of Rider B for T-connect customers. Instead, AE always allocated its deferral account balances to T-connected and other customers on a retrospective basis and normally disposed of the allocated amounts on a prospective, annual basis (the exception being the PPDA customers larger than 2MW), as part of its overall deferral account reconciliation.

[47] Attached as IPCCAA-AESO-02 Attachment A.

With respect to the Imperial Oil situation, it was noteworthy that at the time a portion of the subject deferral account balances were accumulated Imperial Oil was a customer of AE and only became a customer of the then Transmission Administrator after it was designated as an Industrial System. As an AE customer, Imperial Oil would have been treated in the same manner as any other AE DISCO customer, with the appropriate forum in which to deal with deferral account matters being the DISCO proceedings.

As an AE customer, Imperial Oil would have been subject to the implications arising from all of AE's deferral accounts; and it would be inappropriate to single out one account for different treatment. AE disagreed with IPCAA's position and submitted that customers of AE should be treated in a manner consistent with AE's past practice and not in the manner accepted by Aquila. Regardless, this was not the appropriate forum to debate this matter, as a change in the approach currently used by AE would impact its other customers, more specifically the remaining T-connected customers, who have not addressed this matter here, and should not have been expected to do so.

Aquila

Aquila supported the AESO's proposed reconciliation of its 2000-2002 deferral accounts. Aquila noted in Information Response IPCCAA-AESO-03(c), the AESO stated, "The amount billed by the AESO to the AESO's customers are the relevant amounts for settlement of deferral accounts. In the specific case of Aquila, the AESO understands that the amount invoiced by the AESO to the customer, Aquila, is the same as the amount invoiced to the end-use direct connect customer (with distribution charges added)." Aquila took this opportunity to correct the AESO's understanding. Although Aquila currently invoices the same amount to the end-use customer as the AESO invoices to Aquila, this was not the case throughout the period covered by the deferral accounts. Prior to its current practice, Aquila itself calculated transmission charges to transmission connected customers rather than flowing through AESO-invoiced amounts, similar to Aquila's understanding of AE's process. In any event, Aquila agreed with the AESO that the relevant amount for settlement of the AESO's deferral accounts was the amount billed by the AESO to Aquila.

Aquila intended to disburse any amounts received with respect to the AESO's reconciliation in accordance with their on-going transmission deferral account practice. Namely, amounts received in respect of transmission connected customers will be flowed through to those customers on their next invoices, while amounts received in respect of distribution connected customers will be dealt with in the context of Aquila's next transmission deferral account application.

EPCOR

EPCOR shared the view of the AESO that the circumstances of the various DISCOs are sufficiently different from that of the AESO as to necessitate different methods for refunding or collecting the deferral amounts to or from their customers, as the case may be.[48] Accordingly, EPCOR submitted that the Board should not direct EPCOR Distribution Inc.[49] to implement any particular method for refunding to its customers the credit that it is to receive from the AESO.

[48] Application, p. 15.
[49] EDI.

IPCAA

IPCAA noted that for customers of Aquila who became direct customers of the AESO in the period covered by these deferral accounts, Aquila proposed:

> to address all credits or charges for customers who now deal with the AESO, for the total period instead of just for the period the customers dealt directly with the AESO. (IPCCAA-AESO-02 (b))

The AESO, pursuant to Board direction in Decision 2003-054, has agreed with this approach. In the latest update to the application the AESO has proposed that this treatment be applied to a larger number of former Aquila customers[50].

The AESO has acknowledged that one AE customer (Imperial Oil Cold Lake) became a direct customer of the AESO in the same time period as the referenced Aquila customers[51]. The refund amounts in question are significant; the refund to Imperial would be in the order of $1 million[52] out of a total refund to AE Disco of $13.4 million[53], or roughly the same amount as is to be refunded to Red Deer and Lethbridge.

In the Pool Price deferral account proceeding customers of Aquila and AE received the same treatment[54] – as they should have – because there is no reason to discriminate between customers based on which wires service provider they are served by. In that regard, the AESO has indicated that they are not opposed to providing equal treatment to Aquila and AE customers[55].

IPCAA submitted that the Board should confirm that all customers that became direct customers of the AESO during the deferral period receive the same deferral account treatment, and that the AESO be directed to provide the same refund treatment to AE customers that became direct customers of the AESO as is proposed for the Aquila customers that became direct customers of the AESO.

11.3 Views of the Board

Consistent with the Board approved process in Decision 2003-054, the Board notes that the AESO is prepared to address all refunds or charges for Aquila customers who now deal with the AESO, for the total period instead of just for the period the customers dealt directly with the AESO.

Accordingly, the Board directs the AESO to address all refunds and charges to the customer for the period during which the customer dealt with Aquila and for the period during which the customer dealt with the AESO.

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50 BR-AESO-06 Revised November 3, 2003 and IPCCAA-AESO-01(c)

51 IPCCAA-AESO-1(c) & (d)

52 IPCCAA-AESO-02 (attachment A) and IPCCAA-AESO-05 (c)

53 BR-AESO-6 Attachment A Revised

54 Decision 2001-92 p. 133 That approach had customers of both Aquila and ATCO greater than 2 MW "responsible for their share of the 2000 deferral account balance based on their consumption in the year 2000."

55 IPCCAA-AESO-02 (b)

The Board notes AE's comment that AESO customers who were previously AE transmission connected customers would have been subject to the implications arising from all of AE's deferral accounts and it would be inappropriate to single out one account for different treatment. The Board considers that this proceeding is not the appropriate forum to debate changes in the approach used by AE DISCO in allocating AESO charges to AE transmission connected customers. For this reason, the Board considers that AESO refunds/charges respecting AE transmission connected customers should be directed to AE for the period in time when the customer was an AE Transmission connected customer.

Accordingly, for customers who were previously AE customers and who are now AESO customers, the Board directs the AESO as follows:

- AESO refunds/charges should be directed to the customer for the period during which the customer dealt directly with the AESO.
- AESO refunds/charges should be directed to AE for the period during which the customer dealt directly with AE.

The Board notes that in Decision 2003-054, the Board directed AE and Aquila to include any Article 24 Refund and the final Deferral Account Reconciliation refunds and charges respecting their transmission and distribution connected customers in their respective Transmission Deferral accounts. In Decision 2003-054, the Board considered that the timing of the disposition of the AE and Aquila Transmission Deferral Accounts can follow the normal course of events, including the application of the General Policy for payment of Interest, IL 2000-01, where appropriate.

12 SUMMARY OF APPROVALS

This section is provided for the convenience of readers. In the event of any difference between the Directions in this section and those in the main body of the Decision, the wording in the main body of the Decision shall prevail.

1. Accordingly, the Board approves the allocation of the DTS and STS 2000 Deferral Account balances to individual customers as shown on Appendix 6. 27
2. Accordingly, the Board approves the allocation of the DTS and STS 2001 Deferral Account balances and the implementation of the Article 24 Refund to individual customers as shown on Appendix 6. 29
3. Accordingly, the Board approves the allocation of the DTS and STS 2002 Deferral Account balances and the implementation of the Article 24 Refund to individual customers as shown on Appendix 6. 31
4. Accordingly, the Board approves the AESO proposed amendment to the AESO's terms and conditions of service to deal with the collection/refund of amounts due from previous generators/PPA holders and/or DTS customer locations that must now be collected/refunded from/to the current owner of the generator or PPA holder. The Board has attached the approved amendment to the AESO's terms and conditions as Appendix 8. The Board approves the amendment effective January 1, 2004. 47

5. Consistent with the Board approved process in Decision 2003-054, the Board notes that the AESO is prepared to address all refunds or charges for Aquila customers who now deal with the AESO, for the total period instead of just for the period the customers dealt directly with the AESO. 49

13 SUMMARY OF BOARD DIRECTIONS

This section is provided for the convenience of readers. In the event of any difference between the Directions in this section and those in the main body of the Decision, the wording in the main body of the Decision shall prevail.

1. For all of the above reasons, the Board considers that it is appropriate to unwind Rider C and to follow the approach suggested by the AESO for the year 2002 deferral account reconciliation. Accordingly, the Board directs the AESO to consider Rider C as interim refundable for the purposes of deferral account reconciliation. 17
2. Accordingly, the Board directs the AESO to use an annual reconciliation for the years 2000 (June-December) and 2001 and to use a monthly reconciliation for the year 2002. 23
3. Accordingly, the Board directs the AESO to use the "production month" actuals as the basis for 2002 deferral reconciliation as presented in Information Response Companies-AESO-06 reproduced as Appendix 5. 25
4. The Board directs the AESO to make a one time refund (totaling $64,536,362) or charge (totaling $7,014) to each DTS customer on or before December 31, 2003 if practical, based on its commercial judgment. If the AESO, in its sole judgment, determines that it is not practical to make the refund on December 31, 2003, the Board considers that the refund should be paid by February 1, 2004. In determining the actual date of refund, the Board considers that the AESO will consider the additional interest credits that would accrue from delaying any refunds vs. any loss of interest from redeeming financial instruments before their due date. Further, the Board considers that the AESO will consider its funding requirements and any necessity for short-term borrowing or the need for an imposition of Rider B. For charges owing to the AESO from DTS customers, the AESO should invoice the parties by December 31, 2003 for payment within 30 days on a one-time basis. The Board considers that the AESO should advise parties by December 30, 2003 as to its timing intentions for refunding the amounts to both DTS and STS customers as well as the estimated individual amounts to be refunded to each customer. 33
5. The Board directs the AESO to make the total refund of $32,776,309 to the 20 STS customers with a refund on or before December 31, 2003 if practical consistent with its commercial judgment and the Board's comments for DTS customers as described above. If the AESO considers it necessary or appropriate or if requested by those customers for any amounts in excess of any refunds individual customers are entitled to, the AESO may allow the seventeen STS customers with a charge to pay the AESO in three equal installments in the first quarter of 2004 i.e. the months of January 2004, February 2004, and March 2004 together with carrying charges. The Board considers that the AESO, in its sole judgment, may decide whether to grant installment payments based on materiality and other considerations. 34

6. The Board directs the AESO to ensure that all amounts owing from customers or refunds to customers should be accompanied by the appropriate carrying charges or interest credits from the original date until fully paid or refunded. 34

7. The Board has considered the request for a refiling and does not consider that it is necessary. However, the Board recognizes that the AESO may uncover further errors in the AESO's data when making the actual refunds and charges. Accordingly, the Board directs the AESO to file a final reconciliation, for information purposes only, within 60 days after all amounts have been collected or disbursed but no later than July 1, 2004 34

8. Accordingly, the Board directs the AESO to implement the Board's findings in this Decision, without further approval from the Board, effective for service starting January 1, 2004, a quarterly Rider C determined for each of the following revenue (cost) DTS categories: 39
   - Interconnection Revenues/(Costs) 39
   - Operating Reserve Revenues/(Costs) 39
   - Other Ancillary Services Revenues/(Costs) 39

9. The Board directs the AESO to implement the Board's findings in this Decision, without further approval from the Board, effective for service starting January 1, 2004, a quarterly Rider C determined for each of the following revenue (cost) STS categories: 39
   - Interconnection Revenues/(Costs) 39
   - Operating Reserve Revenues/(Costs) 39
   - Transmission Losses Revenues/(Costs) 39

10. The Board directs the AESO by January 10, 2004 to refile its Rider C for acknowledgement by the Board. 39

11. Further, the Board directs the AESO to evaluate the Revenue Category Rider C during a six-month trial period in 2004. The AESO, as part of the six month trial evaluation, should compare the individual customer results under the prospective quarterly Rider C methodology versus a Rider C unwind and a retrospective monthly analysis using the Board approved 2002 methodology. The Board considers that the Rider C unwind and retrospective monthly analysis method should not necessarily be regarded as the only correct and accurate method of disposing of the deferral accounts and hence the standard upon which to measure the appropriateness of the prospective Rider C approach. On the other hand the Board considers that the chosen method should ensure that customers whose consumption can shift dramatically between quarters are not the recipients of undue windfalls or charges. The Board considers that the AESO should clearly evaluate both methods and recommend an approach that is appropriate considering all of the circumstances. 39

12. The Board directs the AESO to provide the results of the trial and the AESO's recommended method to be used for 2004 to the Board and interested parties on or before September 1, 2004 so that the Board can determine if it is appropriate to implement the AESO's proposal for the 2004-year. 40

13. The Board directs the AESO to provide the results of the trial and the AESO's recommended method to be used for 2005 to the Board and interested parties on or before September 1, 2004 so that the Board can determine if it is appropriate to introduce a prospective reconciliation procedure for 2005 commencing on January 1, 2005 40

14. The Board directs the AESO to include in its evaluation the possibility of filing future (2005 +) deferral account reconciliations on a complaint basis. The Board considers that the AESO's performance in handling future deferral account matters will weigh on the ultimate

decision in this matter. The Board considers that it retains the discretion to invoke an appropriate process should any party be concerned with the AESO's filing or handling of any deferral account matter. Finally, the Board notes that it also retains audit rights 40

15. Accordingly, the Board directs the AESO to file a schedule, on or before March 1, 2004 setting out a proposed process for the 2003-year Deferral Account Reconciliation. The schedule should show an expected 2003-year filing date early in 2004 that would result in a much earlier final reconciliation for the 2003-year. 45

16. Further, the Board directs the AESO to propose a 2003 deferral account reconciliation on the same basis (i.e. retrospective and monthly) as that used for 2002 45

17. The Board directs the AESO to file a schedule, on or before September 1, 2004, setting out a proposed process for the 2004-year Deferral Account Reconciliation. The schedule should show an expected 2004-year filing date early in 2005 that would result in a much earlier final reconciliation for the 2004-year. 45

18. Further, the Board directs the AESO to take steps to improve the accuracy of the deferral account reconciliation process for both 2003 and 2004 45

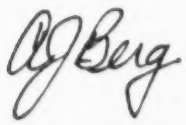
19. Accordingly, the Board directs the AESO to address all refunds and charges to the customer for the period during which the customer dealt with Aquila and for the period during which the customer dealt with the AESO. 49

20. Accordingly, for customers who were previously AE customers and who are now AESO customers, the Board directs the AESO as follows: 50
    - AESO refunds/charges should be directed to the customer for the period during which the customer dealt directly with the AESO 50
    - AESO refunds/charges should be directed to AE for the period during which the customer dealt directly with AE. 50

Dated in Calgary, Alberta on December 16, 2003.

ALBERTA ENERGY AND UTILITIES BOARD

N. W. MacDonald, P. Eng.
Presiding Member



A. J. Berg, P. Eng.
Member

R. G. Lock, P. Eng.
Member

APPENDIX 1 – PARTIES PARTICIPATING IN THE PROCEEDING

Name of Organization
The Alberta Electric System Operator (AESO)
ATCO Electric Ltd. (AE)
Aquila Networks Canada (Alberta) Ltd. (Aquila)
Alberta Direct Connect Consumer Association (ADC)
Enron Canada Corporation (Enron)
EPCOR Utilities Inc. (EPCOR)
AltaGas Services Inc. (AltaGas)
ATCO Power and TransAlta Corporation (APTAC)
Industrial Power Consumers Association of Alberta (IPCAA)
EnCana Corporation (EnCana)
ENMAX Power Corporation and ENMAX Energy Corporation (ENMAX)
The City of Lethbridge and the City of Red Deer (Cities)
The Companies • *ASTC Partnership* • *ATCO Power Canada Ltd.* • *Calpine Canada Power Ltd.* • *EnCana Corporation* • *TransAlta Corporation* • *TransCanada Energy*
The FIRM Group • *Alberta Federation of REAs (REAs)* • *Alberta Urban Municipalities Association (AUMA)* • *Public Institutional Consumers of Alberta (PICA)* • *Consumers' Coalition of Alberta (CCA)* • *Alberta Irrigation Projects Association (AIPA)* • *Alberta Association of Municipal Districts and Counties (AAMDC)*

APPENDIX 2 – EXISTING RATE RIDER B

Working Capital Deficiency/Surplus Rider

Purpose: The Working Capital Deficiency/Surplus Rider is to recover unexpected increases in the TA's working capital deficiency or to refund unexpected surplus of working capital.

Applicable to: Customers receiving service under the following Rate Schedules:

DTS
STS

Effective: The rider will be invoked for the current Billing Period when, on the last Business Day of the current Billing Period:

- the TA's working capital balance either exceeds or falls short of the TA's annual average forecast by an amount equal to or greater than $7.0 Million.

Rate: A percentage increase or decrease, that when invoked will restore the TA's working capital deficiency to the TA's annual average forecast, applied to charges under the rate schedules listed above in the current Billing Period.

Terms: The Terms and Conditions form part of this Rate Schedule.

APPENDIX 3 – EXISTING RATE RIDER C

Deferral Account Adjustment Rider

Purpose: To recover or refund all accumulated deferral account balances.

Applicable to: Customers receiving service under the following Rate Schedules:

DTS
STS

Effective: The rider is effective for all billing periods.

Rate: A percentage increase or decrease designed to restore the deferral account balances to zero over the following calendar quarter or such longer period as determined by the TA to minimize rate impact.

Terms: The Terms and Conditions form part of this Rate Schedule.

APPENDIX 4 – TA PROGRESS REPORT ON QUARTERLY DEFERRAL ACCOUNT SETTLEMENT

"Deferral Account Progress Report.pdf"

(Consists of 2 pages)

TRANSMISSION ADMINISTRATOR
Progress Report on Quarterly Deferral Account Settlement and Working Capital Deficiency Rider

As part of the 2002 Negotiated Settlement the TA proposed to continue the use of the Reconciliation and Forward Adjustment Mechanism as it relates to Deferral Accounts and Tariff Adjustment Mechanism. The deferral account mechanism captures changes in costs as a result of decisions of the AEUB, legislative changes, material accounting policy changes or directly incurred costs in relation to industry restructuring, changes in the market price of procured services and any other costs outside the reasonable control of the TA.

The TA proposed the following in its 2002 Negotiated Settlement:

"Effective January 2002, the TA will establish deferral accounts for each TA cost category. With respect to annual revenues and costs, effective April 2002, the TA will provide, on an ongoing basis, quarterly deferral adjustments to customers receiving service under DTS and STS rate schedules to recover the accumulated deferral account balances. These deferral adjustments shall be effective at the beginning of each calendar quarter or permitted billing cycle of the relevant year to allow for recovery, on a prospective basis, of the accumulated deferral balance account arising during the immediately preceding quarter.

The TA will post to its web site, by the end of each month, the following information:

1. *details of the components making up each of the deferral account balances; and*

2. *the TA's forecast of the deferral account balances, broken down by component, for the following two months.*

With respect to 2001 revenues and costs, the TA will provide prior- year deferral riders to deferral account balances for 2001. This rider will be amortized over one or more quarters, depending on the magnitude of the rider, so rate shock is minimized. The TA will file with the Board at the earliest date in 2002 by which all actual costs have been determined a detailed reconciliation of the 2001 accumulated deferral account balances by volume, cost and revenue variances and resulting deferral account responsibility by customer classes (rate schedules). The TA will implement the prior- year deferral riders after approval by the Board.

The TA has been working with a number of customers to better define the Quarterly Deferral Account Settlement mechanism (Rider C) and to provide better visibility of the TA's deferral account balances. By addressing cost changes through Rider C within this cycle, it is expected to keep the TA's current revenue and costs in relative balance such that its need for working capital will be minimized and consequently should lessen the need for the Working Capital Deficiency /Surplus Rider (Rider B) calls in the future. Notwithstanding this approach, in the event the aggregate deferral accounts exceeds $7.0 M, the TA may invoke the Working Capital Deficiency Rider (Rider B rate schedule) when unexpected deficiencies arise.

The Quarterly Deferral Account Settlement mechanism will function in the following manner. The TA will perform, on a monthly basis, a reconciliation of costs paid and revenue collected and group them according to DTS and STS rate classes. This will highlight the revenues collected from STS & DTS and compare them to the costs paid by the TA that are to be recovered from STS & DTS customers. At the end of each calendar quarter the TA will determine a quarterly rider that will recover/(credit) the deferral account shortfall/(overage) to STS and DTS customers based on the forecasted MWh for load and generation in the quarter that the rider is effective (eg. Q2 shortfall/(overage). $/MWh charge will be recovered based on the forecasted energy for load and generation in Q3. The quarterly rider will be

Posted: August 29, 2002

recovered/credited on a prospective $/MWh basis from DTS and STS customers. The schedule for quarterly riders is as follows:

Q1 2002 Rider C (Deferral Account Adjustment Rider):

- As a result of delays in implementing the Rider per the agreed upon procedure outlined in the Negotiated Settlement Agreement, the TA and customer representatives have agreed on the following. The Q1 deficiency was recovered in May and June based on a $/MWh charge. The Q1 true-up charges were **$1.72/MWh** for STS and **$1.49/MWh** for DTS.

- Due to a cash shortfall, the deficiency arising in Q1 was initially partially funded by a cash call from customers using Rider B in the amount of $24 million and included on the March 2002 invoices. Rider B payments was credited back to customers in May and June. Consequently, the net impact to STS and DTS customers was consistent with the Rider C charges.

Q2 2002 Rider C (Deferral Account Adjustment Rider):

- The Q2 deficiency will be recovered over the production months of July, August and September based on a $/MWh charge. The current charges are $1.16/MWh for STS and $0.65/MWh for DTS.

- Due to a cash shortfall, the deficiency arising in Q2 was initially partially funded by a cash call from customers using Rider B in the amount of $27 million and included on the July 2002 invoices. Rider B payments will be credited back to customers in September through December.

Q3 2002 Rider C (Deferral Account Adjustment Rider):

- Calculation of the Q3 rider for STS and DTS customers will be posted to the TA's web site between the 18th and 20th business day of September.

- This rider will be in effect for October - December 2002 production months.

Q4 2002 Rider C (Deferral Account Adjustment Rider):

- Calculation of the Q4 rider for STS and DTS customers will be posted to the TA's web site between the 18th and 20th business day of December.

- This rider will be in effect for January 2003 - March 2003 production months.

2002 Year End Deferral Settlement

As soon as actual 2002 costs have been determined, the TA will file with the Board a detailed reconciliation of the 2002 accumulated deferral account balances and any extraordinary adjustments by volume, cost and revenue variances and resulting deferral account responsibility by customer classes (rate schedules). The TA will implement the prior-year 2002 deferral rider after approval by the Board. At this time it has not been determined how the final settlement of 2002 deferral accounts will be handled. This will be addressed by the end of the third quarter of 2002. A customer update will be sent out when the final process has been decided.

APPENDIX 5 – AESO PROPOSED DTS AND STS 2000-2002 DEFERRAL SETTLEMENT INCLUDING ARTICLE 24 REFUND

"AESO Prop Cust Settlement.xls"

(Consists of 6 pages)

Deferral Account Refund (Charge)
June 1 to December 31, 2000

	Deferral Account Refund (Charge) Revised						
	Interconn. Charges A	Operating Reserve B	Other SSS C	Losses D	Rider B E	GST F	Net Refund (Charge) G=A+B+C+D+E+F
DTS Customers:							
ATCO Electric	945,837	3,358,715	(6,520)	10,717,269	(9,507,022)	385,580	5,893,859
ENMAX Distribution	745,133	2,973,067	(5,115)	8,655,759	(8,155,758)	294,916	4,508,002
EPCOR Distribution	570,166	2,289,451	(3,904)	6,714,336	(6,272,761)	230,810	3,528,098
City of Lethbridge	61,054	250,531	(416)	719,119	(685,107)	24,163	369,344
City of Red Deer	51,175	222,996	(337)	640,821	(587,421)	22,906	350,140
Aquila Networks	1,112,982	4,548,370	(7,132)	15,443,719	(10,966,834)	709,177	10,840,284
DTS Customer 1	8,554	344	(95)	1,201	(30,695)	(1,448)	(22,139)
DTS Customer 2	-	-	-	-	-	-	-
DTS Customer 3	-	-	-	-	-	-	-
DTS Customer 4	6,341	773	(70)	2,300	(30,833)	(1,504)	(22,993)
DTS Customer 5	54,822	189,974	(391)	623,001	(476,825)	27,341	417,922
DTS Customer 6	-	-	-	-	-	-	-
DTS Customer 7	7,696	2,430	(82)	10,432	(33,443)	(908)	(13,875)
DTS Customer 8	-	-	-	-	-	-	-
DTS Customer 9	215	152	(2)	487	-	60	912
DTS Customer 10	7,480	239	(83)	745	(27,633)	(1,348)	(20,600)
DTS Customer 11	134	19	(2)	79	(444)	(15)	(229)
DTS Customer 12	33,021	66,756	(264)	247,638	(253,929)	6,526	99,748
DTS Customer 13	-	-	-	-	-	-	-
DTS Customer 14	-	-	-	-	-	-	-
DTS Customer 15	-	-	-	-	-	-	-
DTS Customer 16	-	-	-	-	-	-	-
DTS Customer 17	-	-	-	-	-	-	-
DTS Customer 18	-	-	-	-	-	-	-
DTS Customer 19	2,315	236	(45)	1,414	(3,255)	47	712
DTS Customer 20	37,769	154,871	(218)	503,851	(444,828)	17,601	269,046
TransAlta Distribution	904,726	3,155,971	(5,772)	9,253,374	(11,235,361)	145,106	2,218,043
DTS Customer 22	-	-	-	-	-	-	-
DTS Customer 23	-	-	-	-	-	-	-
DTS Customer 24	-	-	-	-	-	-	-
DTS Customer 25	-	-	-	-	-	-	-
DTS Customer 26	-	-	-	-	-	-	-
Subtotal DTS	4,549,421	17,214,896	(30,448)	53,535,546	(48,712,149)	1,859,009	28,416,273
STS Customers:							
STS Customer 1	(3,232)	88,659	-	-	(79,882)	388	5,933
STS Customer 2	(2,767)	75,215	-	-	(67,923)	317	4,842
STS Customer 3	-	-	-	-	-	-	-
STS Customer 4	(97,372)	2,122,882	-	-	(2,071,345)	(3,208)	(49,043)
STS Customer 5	(7,531)	170,142	-	-	(114,108)	3,395	51,898
STS Customer 6	-	-	-	-	-	-	-
STS Customer 7	-	-	-	-	-	-	-
STS Customer 8	(409)	10,047	-	-	(9,878)	(17)	(257)
STS Customer 9	(139)	4,449	-	-	(2,550)	123	1,883
STS Customer 10	(3,198)	85,532	-	-	(79,274)	214	3,274
STS Customer 11	(4,308)	124,814	-	-	(108,862)	815	12,459
STS Customer 12	(35)	1,372	-	-	(930)	28	435
STS Customer 13	(1,272)	38,700	-	-	(31,378)	424	6,474
STS Customer 14	-	1	-	-	-	0	1
STS Customer 15	-	-	-	-	-	-	-
STS Customer 16	-	-	-	-	-	-	-
STS Customer 17	-	-	-	-	-	-	-
STS Customer 18	(99,269)	2,335,986	-	-	(2,249,814)	(917)	(14,014)
STS Customer 19	-	-	-	-	-	-	-
STS Customer 20	-	-	-	-	-	-	-
STS Customer 21	-	-	-	-	-	-	-
STS Customer 22	-	-	-	-	-	-	-
STS Customer 23	-	-	-	-	-	-	-
STS Customer 24	-	-	-	-	-	-	-
STS Customer 25	-	-	-	-	-	-	-
STS Customer 26	(1,412)	37,811	-	-	(34,473)	135	2,061
STS Customer 27	(2,329)	77,484	-	-	(59,243)	1,114	17,026
STS Customer 28	(5,651)	227,897	-	-	(193,709)	1,998	30,535
STS Customer 29	-	-	-	-	-	-	-
STS Customer 30	(219,595)	4,738,314	-	-	(4,620,650)	(7,135)	(109,066)
STS Customer 31	(33)	575	-	-	-	38	580
STS Customer 32	-	-	-	-	-	-	-
STS Customer 33	(61)	1,655	-	-	(1,126)	112	580
STS Customer 34	(3)	161	-	-	(86)	11	83
STS Customer 35	-	-	-	-	-	-	-
STS Customer 36	-	-	-	-	-	-	-
STS Customer 37	-	-	-	-	-	-	-
Subtotal STS	(448,516)	10,141,696	-	-	(9,725,231)	(2,166)	(34,216)
Total	4,100,905	27,356,592	(30,448)	53,535,546	(58,437,380)	1,856,843	28,381,357

Article 24 Refund and Deferral Account Refund (Charge)
January 1 to December 31, 2001

	Article 24 Refund Revised					Deferral Account Refund (Charge) Revised							
	Principal	Interest	2003 Interest	GST*	Subtotal	Interconn. Charges	Operating Reserve	Other SSS	Losses	Rider B	GST	Subtotal	Net Refund (Charge)
	A	B	C	D	E=A+B+C+D	F	G	H	I	J	K	L=F+G+H+I+J+K	M=E+L
DTS Customers													
ATCO Electric	5.998.267	359.746	115.094	416.939	6.848.046	2.247.674	(17.623.114)	1.215.209		12.442.030	(120.274)	(1.838.475)	5.009.571
ENMAX Distribution	5.132.497	309.992	99.177	359.275	5.900.941	1.829.225	(15.185.785)	1.027.637		10.318.846	(140.705)	(2.150.782)	3.750.158
EPCOR Distribution	4.013.717	242.470	77.558	280.960	4.614.655	1.400.767	(11.875.592)	781.012		7.942.424	(122.597)	(1.873.986)	2.740.669
City of Lethbridge	399.456	24.126	7.719	27.962	459.263	144.596	(1.181.892)	83.014		820.109	(9.392)	(143.565)	315.698
City of Red Deer	379.811	22.940	7.339	26.587	436.677	127.424	(1.123.767)	69.679		730.724	(13.702)	(209.442)	227.235
AquilaNetworks	13.386.365	809.113	258.861	937.746	15.402.085	4.809.421	(39.636.519)	2.619.608	-	27.023.402	(362.865)	(5.546.853)	9.855.431
DTS Customer 1	3.700	223	71	259	4.253	22.198	(10.947)	17.623		92.455	8.493	129.822	134.075
DTS Customer 2	4.784	289	92	335	5.500	3.088	(14.154)	385		10.449	(16)	(248)	5.252
DTS Customer 3	-	-	-	-	-	-	-	-		-	-	-	-
DTS Customer 4	5.975	361	115	418	6.869	20.345	(17.677)	17.130		92.133	7.635	119.766	126.635
DTS Customer 5	7.415	448	143	519	8.525	88.740	(21.939)	33.208		364.737	32.532	497.278	505.803
DTS Customer 6	-	-	-	-	-	-	-	-		-	-	-	-
DTS Customer 7	4.696	284	91	329	5.400	18.614	(13.894)	17.581		78.376	7.068	108.045	113.445
DTS Customer 8	-	-	-	-	-	-	-	-		-	-	-	-
DTS Customer 9	257	16	5	18	296	642	(781)	452		792	79	1.204	1.500
DTS Customer 10	104	6	2	7	119	17.906	(308)	15.847		73.889	7.513	114.847	114.967
DTS Customer 11	197	12	4	14	227	570	(562)	493		2.403	202	3.086	3.313
DTS Customer 12	141.557	8.550	2.735	9.909	162.751	81.189	(418.832)	52.521		409.173	8.684	132.734	295.485
DTS Customer 13	-	-	-	-	-	-	-	-		-	-	-	-
DTS Customer 14	77.216	4.664	1.492	5.405	88.777	26.100	(228.462)	17.179		150.924	(2.398)	(36.657)	52.120
DTS Customer 15	32	2	1	2	37	96	(94)	400		-	28	430	467
DTS Customer 16	230	14	4	16	264	421	(680)	150		-	(8)	(117)	147
DTS Customer 17	188	11	4	13	216	361	(555)	146		-	(3)	(51)	165
DTS Customer 18	7.569	459	147	532	8.737	10.509	(22.483)	16.322		92.028	6.886	105.262	113.999
DTS Customer 19	805	49	16	56	926	30.040	(2.382)	47.959		161.179	16.576	253.372	254.298
DTS Customer 20	266.840	16.117	5.156	18.679	306.792	85.352	(789.514)	40.416		493.929	(11.867)	(181.704)	125.088
TransAlta Distribution	-	-	-	-	-	-	-	-		-	-	-	-
DTS Customer 22	293	18	6	21	338	460	(667)	16.635		-	1.136	17.365	17.703
DTS Customer 23	-	-	-	-	-	-	-	-		-	-	-	-
DTS Customer 24	-	-	-	-	-	-	-	-		-	-	-	-
DTS Customer 25	-	-	-	-	-	-	-	-		-	-	-	-
DTS Customer 26	-	-	-	-	-	-	-	-		-	-	-	-
Subtotal DTS	28.600.001	1.799.860	575.832	2.086.000	34.261.693	10.965.737	(88.170.800)	6.093.407	-	81.390.003	(886.816)	(10.498.469)	23.763.224
STS Customers													
STS Customer 1	248.524	15.010	4.802	17.397	285.733	(8.058)	(739.712)		175.472	308.071	(18.498)	(282.723)	3.010
STS Customer 2	171.335	10.348	3.311	11.993	196.987	(5.481)	(509.965)		77.172	176.627	(18.315)	(279.962)	(82.975)
STS Customer 3	4.427	267	86	310	5.090	(52)	(13.177)		2.450	33.003	1.556	23.780	28.870
STS Customer 4	1.564	94	30	109	1.797	(21)	(4.654)		-	-	(327)	(5.002)	(3.205)
STS Customer 5	1.121.504	67.737	21.671	78.505	1.289.417	(34.359)	(3.338.066)		756.881	1.155.924	(102.173)	(1.561.793)	(272.376)
STS Customer 6	-	-	-	-	-	-	-		-	-	-	-	-
STS Customer 7	17.704	1.069	342	1.239	20.354	(901)	(52.696)		7.331	2.072.871	141.862	2.168.467	2.188.822
STS Customer 8	28.052	1.694	542	1.964	32.252	(938)	(83.493)		41.222	18.367	(1.739)	(26.581)	5.671
STS Customer 9	12.575	759	243	880	14.457	(265)	(37.427)		-	-	(2.639)	(40.332)	(25.874)
STS Customer 10	242.106	14.623	4.678	16.947	278.354	(7.261)	(720.610)		176.954	475	(36.531)	(588.973)	(310.619)
STS Customer 11	327.513	19.781	6.329	22.926	376.549	(9.783)	(974.816)		225.461	-	(53.146)	(812.278)	(435.729)
STS Customer 12	3.807	231	74	268	4.400	(108)	(11.390)		2.398	-	(637)	(9.737)	(5.337)
STS Customer 13	108.440	6.550	2.095	7.591	124.676	(3.657)	(322.763)		92.431	150.843	(5.820)	(88.966)	35.710
STS Customer 14	-	-	-	-	-	-	-		-	-	-	-	-
STS Customer 15	3.084.580	186.303	59.604	215.921	3.546.418	(126.323)	(9.181.036)		2.183.912	5.644.652	(103.516)	(1.582.311)	1.964.108
STS Customer 16	4.678.985	294.681	94.278	341.529	5.609.473	(206.519)	(14.521.911)		3.235.475	10.297.557	(83.676)	(1.279.076)	4.330.397
STS Customer 17	403.952	24.398	7.806	28.277	464.433	(20.997)	(1.202.330)		282.620	456.671	(33.863)	(517.919)	(53.486)
STS Customer 18	-	-	-	-	-	-	-		-	3.385.365	236.976	3.622.341	3.622.341
STS Customer 19	5.074.460	306.487	98.055	355.212	5.834.214	(203.082)	(15.103.726)		3.525.380	6.498.655	(369.794)	(5.652.567)	181.647
STS Customer 20	5.722.589	345.633	110.579	400.581	6.579.382	(237.312)	(17.032.832)		4.126.066	12.053.390	(76.348)	(1.167.036)	5.412.346
STS Customer 21	-	-	-	-	-	-	-		-	-	-	-	-
STS Customer 22	22	1	-	2	25	(1)	(68)		9	-	(4)	(62)	(38)
STS Customer 23	23.774	1.436	459	1.664	27.333	(792)	(70.762)		9.845	25	(4.318)	(66.001)	(38.668)
STS Customer 24	117.151	7.076	2.264	8.201	134.692	(3.600)	(348.680)		48.512	2.185	(21.112)	(322.705)	(188.013)
STS Customer 25	3.726.117	225.171	72.039	260.968	4.286.295	(155.055)	(11.086.444)		2.510.347	4.117.550	(323.652)	(4.947.254)	(660.959)
STS Customer 26	110.131	6.652	2.128	7.709	126.620	(3.474)	(327.796)		80.037	59.213	(13.441)	(205.461)	(78.841)
STS Customer 27	151.350	9.141	2.925	10.595	174.011	(4.213)	(450.487)		96.137	347.415	(780)	(11.922)	162.089
STS Customer 28	950.366	57.400	18.364	66.529	1.092.659	(31.312)	(2.828.696)		619.888	1.573.241	(46.681)	(713.554)	379.102
STS Customer 29	-	-	-	-	-	-	-		-	-	-	-	-
STS Customer 30	991.347	59.875	19.156	69.394	1.139.772	(51.684)	(2.950.667)		579.992	564.723	(130.035)	(1.987.670)	(847.898)
STS Customer 31	35.705	2.157	690	2.499	41.051	(1.484)	(106.273)		14.785	5.771	(5.104)	(93.305)	(52.254)
STS Customer 32	2.206.484	133.267	42.636	154.454	2.536.841	(91.903)	(6.567.423)		1.569.150	5.639.087	38.424	587.335	3.124.176
STS Customer 33	32.654	1.972	631	2.286	37.543	(1.104)	(97.191)		19.813	8.726	(5.023)	(75.779)	(39.236)
STS Customer 34	754	46	15	53	868	(34)	(2.244)		669	103	(104)	(1.598)	(722)
STS Customer 35	-	-	-	-	-	-	-		-	-	-	-	-
STS Customer 36	-	-	-	-	-	-	-		-	-	-	-	-
STS Customer 37	-	-	-	-	-	-	-		-	-	-	-	-
Subtotal STS	29.800.002	1.799.859	575.832	2.086.000	34.261.693	(1.209.774)	(88.697.331)	-	20.460.429	54.568.511	(1.041.471.56)	(15.919.637)	18.342.056
Total	59.600.003	3.599.719	1.151.664	4.172.000	68.523.386	9.755.963	(176.868.131)	6.093.407	20.460.429	115.868.513	(1.728.287)	(26.418.106)	42.105.280

*GST does not apply to interest

Article 24 Refund and Deferral Account Refund (Charge)
January 1 to December 31, 2002

	Article 24 Refund Revised					Deferral Account Refund (Charge) Revised								
	Principal	Interest	2003 Interest	GST*	Subtotal	Interconn. Charges	Operating Reserve	Other SSS	Losses	Rider B	Rider C	GST	Subtotal	Net Refund (Charge)
	A	B	C	D	E=A+B+C+D	F	G	H	I	J	K	L	M=F+G+H+I+J+K+L	N = E + M
DTS Customers														
ATCO Electric	2,194,503	131,087	42,380	153,675	2,521,595	2,309,235	(3,912,827)	30,773			4,010,677	170,650	2,608,508	5,130,104
ENMAX Distribution	1,801,002	107,581	34,789	126,070	2,069,442	1,903,836	(3,219,005)	23,979			3,221,981	135,155	2,065,946	4,135,388
EPCOR Distribution	1,378,852	82,371	26,637	96,527	1,584,467	1,451,930	(2,489,315)	9,031			2,589,869	109,306	1,670,821	3,255,307
City of Lethbridge	130,364	8,325	2,692	9,755	160,136	150,941	(244,364)	2,249			254,038	11,379	174,243	334,080
City of Red Deer	137,317	8,203	2,653	9,612	157,785	130,337	(242,725)	1,711			239,081	9,408	143,812	301,597
Aquila Networks	4,894,102	292,345	94,538	342,587	5,623,572	5,011,033	(8,630,163)	53,284			9,199,863	394,104	6,024,161	11,647,733
DTS Customer 1	10,563	631	204	739	12,135	26,109	(23,021)	811			4,349	578	8,830	20,965
DTS Customer 2	7,308	440	142	515	8,455	7,660	(13,436)	132			13,907	580	8,862	17,318
DTS Customer 3	-	-	-	-	-	3,378	841	(74)				290	4,435	4,435
DTS Customer 4	467	28	9	33	537	9,042	(7,553)	1,611			2,560	826	12,626	13,162
DTS Customer 5	4,056	242	78	284	4,654	98,373	(8,656)	674				8,341	98,932	103,586
DTS Customer 6	-	-	-	-	-	14,659	10,096	103			15,454	2,820	43,102	43,102
DTS Customer 7	4,348	260	84	304	4,996	19,934	(9,001)	229			8,597	1,383	21,141	26,137
DTS Customer 8	-	-	-	-	-	141	498	(26)			9	44	665	665
DTS Customer 9	168	10	3	12	193	1,250	(291)	27			243	86	1,315	1,508
DTS Customer 10	6,456	386	125	452	7,419	26,851	(11,743)	282			18,374	2,362	36,106	43,525
DTS Customer 11	94	6	2	7	109	776	(184)	23			86	49	750	859
DTS Customer 12	45,196	2,700	873	3,164	51,933	77,194	(76,102)	1,199			82,306	5,922	90,519	142,452
DTS Customer 13	-	-	-	-	-	11,547	43,466	(2,197)				3,697	56,513	56,513
DTS Customer 14	25,490	1,523	492	1,784	29,289	26,238	(46,055)	566			57,418	2,673	40,860	70,149
DTS Customer 15	40	2	1	3	46	310	(68)	7			67	22	338	384
DTS Customer 16	487	29	9	34	559	2,025	(970)	61			1,164	160	2,439	2,998
DTS Customer 17	671	40	13	47	771	2,270	(1,235)	85			1,234	163	2,497	3,268
DTS Customer 18	3,081	184	60	216	3,541	15,691	(3,717)	1,190			8,267	1,560	22,931	26,471
DTS Customer 19	324	19	6	23	372	82,332	(522)	5,767			738	4,782	73,097	73,469
DTS Customer 20	93,208	5,579	1,804	6,538	107,319	98,443	(179,573)	509			156,497	5,311	81,185	188,504
FortisAlta Distribution	-	-	-	-	-	-	-	-			-	-	-	-
DTS Customer 22	448	27	9	31	515	(1,758)	(843)	(135)			85	(186)	(2,836)	(2,321)
DTS Customer 23	-	-	-	-	-	-	-	-			-	-	-	-
DTS Customer 24	-	-	-	-	-	-	-	-			-	-	-	-
DTS Customer 25	-	-	-	-	-	-	-	-			-	-	-	-
DTS Customer 26	-	-	-	-	-	-	-	-			-	-	-	-
Subtotal DTS	**10,747,877**	**642,018**	**207,613**	**752,351**	**12,349,859**	**11,465,496**	**(19,050,520)**	**132,275**	**-**	**-**	**19,882,842**	**869,406**	**13,299,499**	**25,649,359**
STS Customers														
STS Customer 1	75,853	4,531	1,465	5,310	87,157	(40,055)	(157,498)			267,427	233,744	21,253	324,871	412,028
STS Customer 2	58,569	3,554	1,149	4,165	66,368	(15,464)	(143,548)			104,528	49,035	(307)	(5,836)	62,532
STS Customer 3	5,056	302	98	354	5,810	5,757	1,619			3,668	822	831	12,697	18,507
STS Customer 4	-	-	-	-	-	(586)	-			-	-	(41)	(627)	(627)
STS Customer 5	319,959	19,113	6,181	22,397	367,650	(155,519)	(675,025)			1,204,463	871,785	87,201	1,332,905	1,700,555
STS Customer 6	-	-	-	-	-	(2,022)	19,171			71,515	8,385	6,793	103,842	103,842
STS Customer 7	1,114,210	66,556	21,523	77,995	1,280,284	(784,345)	(2,646,758)			3,982,581	2,914,329	241,213	3,687,110	4,967,393
STS Customer 8	16,050	960	310	1,123	18,443	(13,150)	(46,666)			67,766	79,604	6,133	93,445	111,905
STS Customer 9	-	-	-	-	-	-	-			-	-	-	-	-
STS Customer 10	23,721	1,417	458	1,660	27,256	(5,943)	(54,044)			125,528	51,364	7,980	121,983	149,240
STS Customer 11	180,227	11,124	3,597	13,036	213,984	(82,316)	(400,441)			729,466	402,967	45,477	695,153	909,137
STS Customer 12	1,315	79	25	92	1,511	(455)	(2,895)			4,368	1,989	210	3,217	4,729
STS Customer 13	15,803	944	305	1,106	18,158	(9,336)	(21,290)			126,425	27,658	8,642	132,093	150,251
STS Customer 14	-	-	-	-	-	-	-			-	-	-	-	-
STS Customer 15	-	-	-	-	-	-	-			-	-	-	-	-
STS Customer 16	1,984,841	118,563	38,340	138,939	2,280,683	(1,445,408)	(4,531,394)			8,005,276	5,925,050	556,747	8,510,271	10,790,954
STS Customer 17	60,377	3,607	1,166	4,226	69,376	(97,238)	(168,579)			203,945	141,725	5,586	85,443	154,819
STS Customer 18	(26)	(2)	(1)	(2)	(31)	508	1,141			-	-	115	1,764	1,734
STS Customer 19	1,369,740	81,820	26,459	95,882	1,573,901	(1,056,740)	(3,015,170)			5,549,504	3,970,208	381,346	5,829,139	7,403,039
STS Customer 20	2,270,567	135,627	43,859	158,935	2,608,928	(1,463,796)	(5,028,208)			8,403,416	5,867,630	544,533	8,323,575	10,932,503
STS Customer 21	-	-	-	-	-	(1,564)	4,704			-	-	220	3,360	3,360
STS Customer 22	-	-	-	-	-	(7)	11			95	34	10	146	146
STS Customer 23	97,651	5,633	1,886	6,836	112,206	(39,962)	(213,335)			349,831	162,272	18,326	280,132	392,338
STS Customer 24	89,567	5,347	1,729	6,265	102,848	(31,486)	(199,352)			362,313	158,164	20,271	309,856	412,704
STS Customer 25	1,358,088	81,124	26,234	95,066	1,560,512	(662,714)	(2,963,194)			5,219,812	3,721,962	355,453	5,433,354	6,993,866
STS Customer 26	30,323	1,931	624	2,263	37,141	(19,360)	(66,810)			119,370	85,230	8,498	129,888	167,029
STS Customer 27	20,143	1,203	389	1,410	23,145	(10,688)	(52,454)			82,438	61,186	5,634	86,116	109,261
STS Customer 28	299,526	17,892	5,786	20,967	344,171	(133,746)	(577,432)			1,169,249	650,463	74,797	1,143,328	1,487,499
STS Customer 29	-	-	-	-	-	(314)	1,007			13,340	12	983	15,028	15,028
STS Customer 30	316,315	18,895	6,110	22,142	363,462	(320,151)	(724,347)			1,373,953	1,033,120	93,842	1,434,447	1,797,909
STS Customer 31	186,418	11,147	3,605	13,063	214,433	(105,027)	(399,062)			737,633	521,511	52,854	807,909	1,022,342
STS Customer 32	819,568	48,956	15,831	57,370	941,725	(539,958)	(1,812,764)			2,845,019	2,125,736	183,262	2,801,295	3,743,020
STS Customer 33	24,789	1,481	479	1,735	28,484	(10,702)	(47,541)			74,974	41,984	4,116	62,825	91,309
STS Customer 34	148	9	3	10	170	(166)	(311)			780	777	76	1,156	1,326
STS Customer 35	50	3	1	4	63	(53)	(139)			-	287	7	102	165
STS Customer 36	-	-	-	-	-	-	-			-	-	-	-	-
STS Customer 37	-	-	-	-	-	-	-			-	-	-	-	-
Subtotal STS	**10,747,877**	**642,016**	**207,511**	**752,351**	**12,349,855**	**(7,276,942)**	**(23,920,807)**	**-**	**41,178,834**	**-**	**29,046,973**	**2,731,864**	**41,760,022**	**54,109,877**
Total	**21,495,754**	**1,284,034**	**415,224**	**1,504,703**	**24,699,715**	**4,188,554**	**(42,981,327)**	**132,275**	**41,178,834**	**-**	**48,929,815**	**3,601,271**	**55,049,521**	**79,749,236**

*GST thresholds apply to interest.

Deferral Account Refund (Charge)
2003 Rider C Refunds Related to 2002 Deferral Account Balances

	Deferral Account Refund (Charge) Revised		
	2003 Rider C Related to 2002 A	GST* B	Net Refund (Charge) C = A + B
DTS Customers:			
ATCO Electric	(2,453,226)	(171,726)	(2,624,952)
ENMAX Distribution	(2,011,759)	(140,823)	(2,152,582)
EPCOR Distribution	(1,622,564)	(113,579)	(1,736,143)
City of Lethbridge	(159,875)	(11,191)	(171,066)
City of Red Deer	(157,983)	(11,059)	(169,042)
Aquila Networks	(5,835,156)	(408,461)	(6,243,617)
DTS Customer 1	(430)	(30)	(460)
DTS Customer 2	(10,278)	(719)	(10,997)
DTS Customer 3	(8,921)	(624)	(9,545)
DTS Customer 4	-	-	-
DTS Customer 5	(4,283)	(300)	(4,583)
DTS Customer 6	(677)	(47)	(724)
DTS Customer 7	(6,141)	(430)	(6,571)
DTS Customer 8	(515)	(36)	(551)
DTS Customer 9	(71)	(5)	(76)
DTS Customer 10	(21,229)	(1,486)	(22,715)
DTS Customer 11	-	-	-
DTS Customer 12	(49,634)	(3,474)	(53,108)
DTS Customer 13	(3,310)	(232)	(3,542)
DTS Customer 14	(32,370)	(2,266)	(34,636)
DTS Customer 15	(41)	(3)	(44)
DTS Customer 16	(846)	(59)	(905)
DTS Customer 17	(1,232)	(86)	(1,318)
DTS Customer 18	(5,207)	(364)	(5,571)
DTS Customer 19	-	-	-
DTS Customer 20	(32,536)	(2,278)	(34,814)
TransAlta Distribution	-	-	-
DTS Customer 22	(37)	(3)	(40)
DTS Customer 23	(1,304)	(91)	(1,395)
DTS Customer 24	(256)	(18)	(274)
DTS Customer 25	(131)	(9)	(140)
DTS Customer 26	(88)	(6)	(94)
Subtotal DTS	(12,420,100)	(869,407)	(13,289,507)
STS Customers:			
STS Customer 1	(338,081)	(23,666)	(361,747)
STS Customer 2	-	-	-
STS Customer 3	(408)	(29)	(437)
STS Customer 4	-	-	-
STS Customer 5	(877,601)	(61,432)	(939,033)
STS Customer 6	(460,624)	(32,244)	(492,868)
STS Customer 7	(4,224,012)	(295,681)	(4,519,693)
STS Customer 8	(36,675)	(2,567)	(39,242)
STS Customer 9	-	-	-
STS Customer 10	(53,796)	(3,766)	(57,562)
STS Customer 11	(620,719)	(43,450)	(664,169)
STS Customer 12	(2,491)	(174)	(2,665)
STS Customer 13	(115,985)	(8,119)	(124,104)
STS Customer 14	-	-	-
STS Customer 15	-	-	-
STS Customer 16	(6,782,854)	(474,800)	(7,257,654)
STS Customer 17	(19,618)	(1,373)	(20,991)
STS Customer 18	-	-	-
STS Customer 19	(4,547,993)	(318,360)	(4,866,353)
STS Customer 20	(6,947,830)	(486,348)	(7,434,178)
STS Customer 21	(384,267)	(26,899)	(411,166)
STS Customer 22	(424)	(30)	(454)
STS Customer 23	(344,789)	(24,135)	(368,924)
STS Customer 24	(119,503)	(8,365)	(127,868)
STS Customer 25	(5,504,935)	(385,345)	(5,890,280)
STS Customer 26	(96,229)	(6,736)	(102,965)
STS Customer 27	(126,832)	(8,879)	(135,710)
STS Customer 28	(1,250,524)	(87,537)	(1,338,061)
STS Customer 29	(69,646)	(4,875)	(74,521)
STS Customer 30	(1,089,676)	(76,277)	(1,165,953)
STS Customer 31	(778,870)	(54,521)	(833,391)
STS Customer 32	(3,791,571)	(265,410)	(4,056,981)
STS Customer 33	(107,994)	(7,560)	(115,554)
STS Customer 34	(400)	(28)	(428)
STS Customer 35	(2,663)	(186)	(2,849)
STS Customer 36	(281,597)	(19,712)	(301,309)
STS Customer 37	(49,452)	(3,462)	(52,914)
Subtotal STS	(39,023,359)	(2,731,364)	(41,750,323)
Total	(51,443,159)	(3,601,371)	(55,049,530)

*GST does not apply to interest

Article 24 Refund & Deferral Account Refund (Charge)
Accumulated Totals by Component

	Article 24 Refund Revised					Deferral Account Refund (Charge) Revised								2003 Rider C Refunds Revised			
	Principal	Interest	2003 Interest	GST*	Subtotal	Interconn. Charges	Operating Reserve	Other SSS	Losses	Rider B	Rider C	GST	Subtotal	2003 Rider C	GST	Subtotal	Net Refund (Charge)
	A	B	C	D	E = A+B+C+D	F	G	H	I	J	K	L	M = F+G+H+I+J+K+L	N	O	P = N + O	Q = E + M + P
DTS Customers:																	
ATCO Electric	8,154,770	440,533	157,484	570,554	9,359,841	5,502,748	(15,177,220)	1,239,482	10,717,259	2,935,008	4,010,677	435,956	9,663,892	(2,453,226)	(171,726)	(2,624,952)	13,408,581
ENMAX Distribution	6,653,499	417,573	133,966	485,340	7,970,363	4,478,164	(15,431,723)	1,046,501	8,855,759	2,163,068	3,221,981	259,366	4,423,166	(2,011,759)	(140,823)	(2,152,582)	10,240,966
EPCOR Distribution	5,392,959	324,791	104,195	377,467	6,199,142	3,422,883	(12,075,456)	788,139	6,714,336	1,669,883	2,559,869	217,519	3,324,933	(1,622,564)	(113,579)	(1,736,143)	7,787,931
City of Lethbridge	538,500	32,401	10,411	37,713	619,396	366,291	(1,175,725)	84,947	716,119	135,002	254,038	28,150	399,722	(159,875)	(11,191)	(171,066)	848,055
City of Red Deer	517,128	31,143	9,992	36,189	594,452	314,935	(1,143,495)	71,253	640,871	143,303	239,081	18,013	284,511	(157,983)	(11,059)	(169,042)	709,921
Aquila Networks	18,240,407	1,101,458	353,396	1,280,333	21,015,657	10,933,436	(43,716,312)	2,666,050	15,443,719	16,065,566	9,195,903	740,416	11,317,782	(5,635,156)	(406,461)	(6,243,617)	26,089,821
DTS Customer 1	14,091	864	275	995	16,386	56,861	(33,824)	16,343	1,201	61,700	4,349	7,622	118,512	(430)	(30)	(460)	132,441
DTS Customer 2	12,142	728	234	860	13,965	10,756	(27,590)	517	-	10,448	13,807	564	8,614	(10,278)	(719)	(10,997)	11,572
DTS Customer 3	-	-	-	-	-	3,376	841	(74)	-	-	-	290	4,435	(6,921)	(504)	(9,545)	(5,110)
DTS Customer 4	6,442	356	124	451	7,406	35,726	(18,457)	18,571	2,300	61,300	2,500	7,157	109,399	-	-	-	116,805
DTS Customer 5	11,408	640	221	803	13,174	241,915	159,379	33,991	623,001	(112,066)	-	66,214	1,012,133	(4,263)	(300)	(4,553)	1,020,729
DTS Customer 6	-	-	-	-	-	14,959	10,090	103	-	-	15,454	2,820	43,102	(577)	(47)	(724)	42,377
DTS Customer 7	9,044	544	175	633	10,396	46,243	(20,495)	18,026	10,432	44,932	6,597	7,544	115,312	(6,141)	(430)	(6,571)	119,137
DTS Customer 8	-	-	-	-	-	141	495	(26)	-	-	9	44	665	(515)	(36)	(551)	114
DTS Customer 9	425	28	9	30	459	2,107	(900)	477	457	792	243	224	3,430	(71)	(5)	(76)	3,843
DTS Customer 10	6,640	392	127	464	7,538	52,237	(11,932)	16,948	746	46,255	16,374	8,528	130,353	(21,229)	(1,486)	(22,715)	115,177
DTS Customer 11	297	18	6	20	335	1,480	(747)	514	79	1,959	86	236	3,607	-	-	-	3,943
DTS Customer 12	186,753	11,250	3,648	13,073	214,664	191,403	(425,178)	52,458	247,836	155,244	82,306	21,131	323,099	(49,634)	(3,474)	(53,108)	484,575
DTS Customer 13	-	-	-	-	-	11,547	43,466	(2,197)	-	-	-	3,097	56,513	(3,310)	(232)	(3,542)	52,971
DTS Customer 14	102,706	6,187	1,984	7,158	118,035	52,336	(274,517)	17,766	-	150,924	57,418	275	4,203	(32,370)	(2,266)	(34,636)	87,603
DTS Customer 15	72	4	2	5	83	406	(182)	407	-	-	87	50	786	(41)	(3)	(44)	825
DTS Customer 16	717	43	13	50	823	2,446	(1,600)	211	-	-	1,104	152	2,323	(845)	(59)	(904)	2,241
DTS Customer 17	868	53	17	60	997	2,501	(1,790)	211	-	-	1,234	180	2,446	(1,232)	(86)	(1,318)	2,125
DTS Customer 18	10,580	643	207	748	12,178	28,200	(25,200)	19,512	-	92,008	6,267	8,366	129,153	(5,207)	(364)	(5,571)	134,599
DTS Customer 19	1,128	68	22	79	1,296	94,667	(2,856)	52,551	1,414	157,924	736	21,424	327,860	-	-	-	329,476
DTS Customer 20	389,128	23,696	6,660	25,217	444,111	221,584	(514,216)	40,797	503,551	49,101	156,497	11,025	168,528	(32,536)	(2,276)	(34,814)	547,825
TransAlta Distribution	-	-	-	-	-	964,726	3,155,971	(5,772)	9,253,374	(11,235,361)	-	146,106	2,218,043	-	-	-	2,218,043
DTS Customer 22	741	45	15	52	853	(1,246)	(1,710)	16,501	-	-	55	950	14,529	(27)	(2)	(40)	15,342
DTS Customer 23	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,304)	(91)	(1,395)	(1,395)
DTS Customer 24	-	-	-	-	-	-	-	-	-	-	-	-	-	(256)	(18)	(274)	(274)
DTS Customer 25	-	-	-	-	-	-	-	-	-	-	-	-	-	(131)	(9)	(140)	(140)
DTS Customer 26	-	-	-	-	-	-	-	-	-	-	-	-	-	(88)	(6)	(94)	(94)
Subtotal DTS	40,547,878	2,441,876	783,445	2,838,351	46,611,552	25,888,654	(89,615,424)	6,195,234	53,535,548	12,587,853	19,882,842	2,041,589	31,207,303	(12,420,100)	(869,467)	(13,289,567)	64,529,348
STS Customers:																	
STS Customer 1	324,375	19,541	6,267	22,706	372,889	(51,345)	(506,551)	-	442,569	279,184	233,744	3,146	48,082	(336,081)	(23,566)	(301,747)	59,224
STS Customer 2	256,826	12,902	4,466	16,158	290,355	(23,712)	(578,296)	-	161,700	100,704	49,035	(18,380)	(269,951)	-	-	-	(15,596)
STS Customer 3	9,452	569	184	664	10,869	5,705	(11,565)	-	6,116	33,093	822	2,366	36,478	(406)	(29)	(437)	46,940
STS Customer 4	1,504	91	30	109	1,737	(97,979)	2,115,228	-	-	(2,071,345)	-	(3,577)	(54,672)	-	-	-	(52,935)
STS Customer 5	1,441,462	86,850	27,852	100,902	1,657,067	(197,409)	(3,842,940)	-	1,951,364	1,041,816	871,765	(11,578)	(176,971)	(577,601)	(61,432)	(639,033)	841,064
STS Customer 6	-	-	-	-	-	(2,922)	16,171	-	71,515	-	8,366	6,760	103,842	(460,624)	(32,244)	(492,868)	(389,025)
STS Customer 7	1,131,914	67,825	21,565	78,234	1,300,538	(765,245)	(2,569,464)	-	3,970,012	2,072,871	2,914,329	383,075	5,855,577	(4,224,012)	(295,081)	(4,519,093)	2,636,522
STS Customer 8	44,117	2,664	862	3,068	50,711	(14,647)	(120,934)	-	106,665	8,459	79,604	4,355	66,006	(36,675)	(2,567)	(39,242)	78,076
STS Customer 9	12,575	758	243	850	14,457	(405)	(32,976)	-	-	(2,550)	-	(2,519)	(38,446)	-	-	-	(23,991)
STS Customer 10	285,827	16,940	5,136	18,845	326,611	(19,302)	(569,122)	-	302,480	(78,799)	51,364	(30,337)	(463,716)	(53,795)	(3,766)	(57,562)	(215,666)
STS Customer 11	513,740	30,935	9,809	35,982	590,533	(95,407)	(1,250,443)	-	954,627	(105,887)	402,957	(6,847)	(104,999)	(620,719)	(43,450)	(664,169)	(178,302)
STS Customer 12	5,142	310	99	360	5,911	(508)	(12,913)	-	8,766	(930)	1,999	(396)	(3,064)	(2,491)	(174)	(2,665)	(2,536)
STS Customer 13	124,243	7,494	2,400	8,797	142,934	(14,286)	(305,364)	-	218,865	119,405	27,858	3,245	49,800	(115,955)	(8,119)	(124,104)	68,630
STS Customer 14	-	-	-	-	-	-	1	-	-	-	-	0	1	-	-	-	1
STS Customer 15	3,564,540	186,302	59,904	215,921	3,948,418	(126,323)	(9,181,036)	-	2,163,912	5,844,862	-	(103,516)	(1,582,311)	-	-	-	1,984,108
STS Customer 16	6,803,638	413,244	132,818	480,408	7,830,108	(1,861,627)	(19,063,306)	-	11,240,751	10,297,557	5,925,050	472,094	7,231,195	(6,782,854)	(474,800)	(7,257,654)	7,803,697
STS Customer 17	484,328	28,995	8,972	32,503	555,809	(118,236)	(1,370,978)	-	466,565	456,671	141,725	(28,293)	(432,476)	(19,618)	(1,373)	(20,991)	80,342
STS Customer 18	(29)	(2)	(1)	(2)	(31)	(46,781)	2,337,127	-	-	1,139,551	-	230,174	3,660,061	-	-	-	3,660,030
STS Customer 19	8,443,240	366,307	113,514	451,094	7,408,111	(1,214,831)	(18,118,596)	-	9,074,664	6,466,665	3,970,206	11,551	176,571	(4,547,963)	(318,360)	(4,866,323)	2,718,334
STS Customer 20	7,663,946	461,290	104,438	556,517	9,186,733	(1,701,106)	(22,081,040)	-	12,529,482	12,053,360	5,667,530	466,166	7,156,539	(9,947,530)	(466,346)	(7,434,178)	8,910,671
STS Customer 21	-	-	-	-	-	(1,564)	4,704	-	-	-	-	220	3,360	(384,267)	(26,899)	(411,166)	(407,806)
STS Customer 22	22	1	-	2	25	(5)	(55)	-	107	-	24	5	83	(424)	(30)	(454)	(346)
STS Customer 23	171,425	7,294	2,340	8,500	189,559	(37,754)	(284,897)	-	359,670	28	162,272	14,039	214,132	(344,789)	(24,135)	(368,924)	(15,234)
STS Customer 24	206,858	12,423	3,983	14,466	237,540	(35,080)	(548,042)	-	410,525	2,165	158,104	(541)	(12,868)	(119,503)	(8,365)	(127,868)	96,823
STS Customer 25	5,080,238	305,045	96,273	360,034	5,845,607	(1,068,786)	(14,084,603)	-	7,730,164	4,117,560	3,721,982	31,501	480,100	(5,504,935)	(385,345)	(5,890,280)	442,427
STS Customer 26	142,464	8,563	2,752	9,971	163,751	(21,278)	(284,796)	-	196,407	24,740	56,230	(4,606)	(173,503)	(96,229)	(6,736)	(102,965)	(12,707)
STS Customer 27	171,480	10,344	3,314	12,010	197,158	(17,230)	(425,461)	-	178,575	288,172	61,166	5,966	91,220	(126,832)	(8,878)	(135,710)	152,668
STS Customer 28	1,249,582	75,290	24,150	87,540	1,436,828	(170,712)	(3,118,225)	-	1,756,137	1,379,532	610,453	30,114	488,299	(1,250,524)	(87,537)	(1,338,061)	587,074
STS Customer 29	-	-	-	-	-	(314)	1,007	-	13,340	-	12	963	15,008	(69,646)	(4,875)	(74,521)	(59,493)
STS Customer 30	1,301,982	78,772	25,268	91,636	1,503,234	(549,430)	1,062,300	-	1,953,675	(4,068,927)	1,011,120	(43,327)	(682,589)	(1,086,675)	(76,077)	(1,162,753)	(325,006)
STS Customer 31	224,313	13,304	4,295	15,583	257,495	(108,544)	(904,795)	-	752,418	6,771	523,511	48,755	715,163	(778,570)	(54,521)	(833,091)	137,277
STS Customer 32	2,028,062	162,223	58,407	211,815	2,460,508	(831,961)	(6,980,167)	-	4,414,169	5,636,067	2,125,736	221,666	3,586,530	(3,791,571)	(265,410)	(4,056,981)	2,810,215
STS Customer 33	57,443	3,453	1,110	4,023	66,027	(11,867)	(142,077)	-	44,787	5,600	41,964	(501)	(13,374)	(107,864)	(7,550)	(115,554)	(62,901)
STS Customer 34	902	55	18	65	1,038	(203)	(2,364)	-	1,459	17	777	(17)	(331)	(400)	(28)	(428)	259
STS Customer 35	35	2	1	4	43	(53)	(136)	-	-	-	257	7	102	(2,663)	(186)	(2,849)	(2,665)
STS Customer 36	-	-	-	-	-	-	-	-	-	-	-	-	-	(281,567)	(19,712)	(301,306)	(301,306)
STS Customer 37	-	-	-	-	-	-	-	-	-	-	-	-	-	(49,452)	(3,461)	(52,914)	(52,914)
Subtotal STS	40,547,879	2,441,875	781,443	2,838,352	46,611,549	(8,935,332)	(102,476,442)	-	61,638,263	44,843,286	29,946,973	1,688,327	25,866,069	(39,026,958)	(2,731,964)	(41,758,923)	30,657,595
Total	81,095,757	4,883,753	1,564,888	5,676,703	93,223,101	16,945,322	(192,492,866)	6,195,234	115,174,809	57,431,134	49,829,815	3,729,926	57,073,372	(51,448,158)	(3,601,371)	(55,049,530)	95,186,943

*GST does not apply to interest

Article 24 Refund & Deferral Account Refund (Charge)
Accumulated Totals by Year

	Net Refund (Charge) Amount Revised					
	2000 A	2001 B	2002 C	Subtotal 2000 to 2002 D = A+B+C	2003 (Rider C) E	Net Refund (Charge) F = D+E
DTS Customers:						
ATCO Electric	5,893,859	5,009,571	5,130,104	16,033,533	(2,624,952)	13,408,581
ENMAX Distribution	4,508,002	3,750,158	4,135,388	12,393,549	(2,152,582)	10,240,966
EPCOR Distribution	3,528,098	2,740,669	3,255,307	9,524,074	(1,736,143)	7,787,931
City of Lethbridge	369,344	315,698	334,080	1,019,121	(171,066)	848,055
City of Red Deer	350,140	227,235	301,597	878,973	(169,042)	709,931
Aquila Networks	10,840,284	9,855,431	11,647,733	32,343,448	(6,243,617)	26,099,831
DTS Customer 1	(22,139)	134,075	20,965	132,901	(460)	132,441
DTS Customer 2	-	5,252	17,318	22,569	(10,997)	11,572
DTS Customer 3	-	-	4,435	4,435	(9,545)	(5,110)
DTS Customer 4	(22,993)	126,635	13,162	116,805	-	116,805
DTS Customer 5	417,922	505,803	101,586	1,025,312	(4,583)	1,020,729
DTS Customer 6	-	-	43,102	43,102	(724)	42,377
DTS Customer 7	(13,875)	113,445	26,137	125,708	(6,571)	119,137
DTS Customer 8	-	-	665	665	(551)	114
DTS Customer 9	912	1,500	1,508	3,919	(76)	3,843
DTS Customer 10	(20,600)	114,967	43,525	137,892	(22,715)	115,177
DTS Customer 11	(229)	3,313	859	3,943	-	3,943
DTS Customer 12	99,748	295,485	142,452	537,684	(53,108)	484,575
DTS Customer 13	-	-	56,513	56,513	(3,542)	52,971
DTS Customer 14	-	52,120	70,149	122,269	(34,636)	87,633
DTS Customer 15	-	467	384	852	(44)	808
DTS Customer 16	-	147	2,998	3,146	(905)	2,241
DTS Customer 17	-	165	3,268	3,433	(1,318)	2,115
DTS Customer 18	-	113,999	26,471	140,471	(5,571)	134,899
DTS Customer 19	712	254,298	73,469	328,478	-	328,478
DTS Customer 20	269,046	125,088	188,504	582,638	(34,814)	547,825
TransAlta Distribution	2,218,043	-	-	2,218,043	-	2,218,043
DTS Customer 22	-	17,703	(2,321)	15,382	(40)	15,342
DTS Customer 23	-	-	-	-	(1,395)	(1,395)
DTS Customer 24	-	-	-	-	(274)	(274)
DTS Customer 25	-	-	-	-	(140)	(140)
DTS Customer 26	-	-	-	-	(94)	(94)
Subtotal DTS	28,416,273	23,763,224	25,639,359	77,818,855	(13,289,507)	64,529,348
STS Customers:						
STS Customer 1	5,933	3,010	412,028	420,971	(361,747)	59,224
STS Customer 2	4,842	(82,975)	62,538	(15,596)	-	(15,596)
STS Customer 3	-	28,870	18,507	47,376	(437)	46,940
STS Customer 4	(49,043)	(3,205)	(627)	(52,875)	-	(52,875)
STS Customer 5	51,898	(272,376)	1,700,575	1,480,097	(939,033)	541,064
STS Customer 6	-	-	103,842	103,842	(492,868)	(389,025)
STS Customer 7	-	2,188,822	4,967,393	7,156,215	(4,519,693)	2,636,522
STS Customer 8	(257)	5,671	111,905	117,319	(39,242)	78,076
STS Customer 9	1,883	(25,874)	-	(23,991)	-	(23,991)
STS Customer 10	3,274	(310,619)	149,240	(158,105)	(57,562)	(215,666)
STS Customer 11	12,459	(435,729)	909,137	485,866	(664,169)	(178,302)
STS Customer 12	435	(5,337)	4,729	(173)	(2,665)	(2,838)
STS Customer 13	6,474	35,710	150,251	192,434	(124,104)	68,330
STS Customer 14	1	-	-	1	-	1
STS Customer 15	-	1,964,108	-	1,964,108	-	1,964,108
STS Customer 16	-	4,330,397	10,790,954	15,121,351	(7,257,654)	7,863,697
STS Customer 17	-	(53,486)	154,819	101,333	(20,991)	80,342
STS Customer 18	(14,014)	3,622,341	1,734	3,610,060	-	3,610,060
STS Customer 19	-	181,647	7,403,039	7,584,686	(4,866,353)	2,718,334
STS Customer 20	-	5,412,346	10,932,503	16,344,850	(7,434,178)	8,910,671
STS Customer 21	-	-	3,360	3,360	(411,166)	(407,806)
STS Customer 22	-	(38)	146	108	(454)	(346)
STS Customer 23	-	(38,668)	392,338	353,670	(368,924)	(15,254)
STS Customer 24	-	(188,013)	412,704	224,692	(127,868)	96,823
STS Customer 25	-	(660,959)	6,993,866	6,332,907	(5,890,280)	442,627
STS Customer 26	2,061	(78,841)	167,039	90,258	(102,965)	(12,707)
STS Customer 27	17,026	162,089	109,261	288,375	(135,710)	152,665
STS Customer 28	30,535	379,102	1,487,499	1,897,135	(1,338,061)	559,074
STS Customer 29	-	-	15,028	15,028	(74,521)	(59,493)
STS Customer 30	(109,066)	(847,898)	1,797,909	840,945	(1,165,953)	(325,008)
STS Customer 31	580	(52,254)	1,022,342	970,668	(833,391)	137,277
STS Customer 32	-	3,124,176	3,743,020	6,867,196	(4,056,981)	2,810,215
STS Customer 33	580	(39,236)	91,309	52,653	(115,554)	(62,901)
STS Customer 34	83	(722)	1,326	687	(428)	259
STS Customer 35	-	-	165	165	(2,849)	(2,685)
STS Customer 36	-	-	-	-	(301,309)	(301,309)
STS Customer 37	-	-	-	-	(52,914)	(52,914)
Subtotal STS	(34,316)	18,342,356	34,109,877	72,417,918	(41,760,023)	30,657,395
Total	28,381,957	42,105,280	59,749,236	150,236,473	(55,049,530)	95,186,943

APPENDIX 6 – BOARD APPROVED DTS AND STS CUSTOMER REFUNDS (CHARGES)

"Bd Appr'd Cust Refunds(Charges).xls

(Consists of 1 page)

Article 24 Refund & Deferral Account Refund (Charge)
Accumulated Totals by Year

	Net Refund (Charge) Amount Revised						Per Board
	2000 A	2001 B	2002 C	Subtotal 2000 to 2002 D = A+B+C	2003 (Rider C) E	Net Refund (Charge) F = D+E	Refund (Charge)
DTS Customers:							
ATCO Electric	5,893,859	5,009,571	5,130,104	16,033,533	(2,624,952)	13,408,581	*13,408,581*
ENMAX Distribution	4,508,002	3,750,158	4,135,388	12,393,549	(2,152,582)	10,240,966	*10,240,966*
EPCOR Distribution	3,528,098	2,740,669	3,255,307	9,524,074	(1,736,143)	7,787,931	*7,787,931*
City of Lethbridge	369,344	315,698	334,080	1,019,121	(171,066)	848,055	*848,055*
City of Red Deer	350,140	227,235	301,597	878,973	(169,042)	709,931	*709,931*
Aquila Networks	10,840,284	9,855,431	11,647,733	32,343,448	(6,243,617)	26,099,831	*26,099,831*
DTS Customer 1	(22,139)	134,075	20,965	132,901	(460)	132,441	*132,441*
DTS Customer 2	-	5,252	17,318	22,569	(10,997)	11,572	*11,572*
DTS Customer 3	-	-	4,435	4,435	(9,545)	(5,110)	*(5,110)*
DTS Customer 4	(22,993)	126,635	13,162	116,805	-	116,805	*116,805*
DTS Customer 5	417,922	905,803	101,515	1,025,312	14,583)	1,020,729	*1,020,729*
DTS Customer 6	-	-	43,102	43,102	(724)	42,377	*42,377*
DTS Customer 7	(13,875)	113,445	26,137	125,708	(6,571)	119,137	*119,137*
DTS Customer 8	-	-	665	665	(551)	114	*114*
DTS Customer 9	912	1,500	1,508	3,919	(76)	3,843	*3,843*
DTS Customer 10	(20,600)	114,967	43,525	137,892	(22,715)	115,177	*115,177*
DTS Customer 11	(229)	3,313	859	3,943	-	3,943	*3,943*
DTS Customer 12	99,748	295,485	142,452	537,684	(53,108)	484,575	*484,575*
DTS Customer 13	-	-	56,513	56,513	(3,542)	52,971	*52,971*
DTS Customer 14	-	52,120	70,149	122,269	(34,636)	87,633	*87,633*
DTS Customer 15	-	467	384	852	(44)	808	*808*
DTS Customer 16	-	147	2,998	3,146	(905)	2,241	*2,241*
DTS Customer 17	-	165	3,268	3,433	(1,318)	2,115	*2,115*
DTS Customer 18	-	113,999	26,471	140,471	(5,571)	134,899	*134,899*
DTS Customer 19	712	254,298	73,469	328,478	-	328,478	*328,478*
DTS Customer 20	269,046	125,088	188,504	582,638	(34,814)	547,825	*547,825*
TransAlta Distribution	2,218,043	-	-	2,218,043	-	2,218,043	*2,218,043*
DTS Customer 22	-	17,703	(2,321)	15,382	(40)	15,342	*15,342*
DTS Customer 23	-	-	-	-	(1,395)	(1,395)	*(1,395)*
DTS Customer 24	-	-	-	-	(274)	(274)	*(274)*
DTS Customer 25	-	-	-	-	(140)	(140)	*(140)*
DTS Customer 26	-	-	-	-	(94)	(94)	*(94)*
Subtotal DTS	26,416,273	23,763,224	25,639,359	77,818,855	(13,289,507)	64,529,348	64,529,348
DTS Refunds						64,536,362	64,536,362
DTS Charges						(7,014)	*(7,014)*
STS Customers:							
STS Customer 1	5,933	3,010	412,028	420,971	(361,747)	59,224	*59,224*
STS Customer 2	4,842	(82,975)	62,538	(15,596)	-	(15,596)	*(15,596)*
STS Customer 3	-	28,870	18,507	47,376	(437)	46,940	*46,940*
STS Customer 4	(49,043)	(3,205)	(827)	(52,875)	-	(52,875)	*(52,875)*
STS Customer 5	51,898	(272,376)	1,700,575	1,480,097	(939,033)	541,064	*541,064*
STS Customer 6	-	-	103,842	103,842	(492,868)	(389,025)	*(389,025)*
STS Customer 7	-	2,188,822	4,967,393	7,156,215	(4,519,693)	2,636,522	*2,636,522*
STS Customer 8	(257)	5,671	111,905	117,319	(39,242)	78,076	*78,076*
STS Customer 9	1,883	(25,874)	-	(23,991)	-	(23,991)	*(23,991)*
STS Customer 10	3,274	(315,819)	149,240	(158,105)	(57,562)	(215,666)	*(215,666)*
STS Customer 11	12,459	(435,729)	909,137	485,868	(664,169)	(178,302)	*(178,302)*
STS Customer 12	435	(5,337)	4,729	(173)	(2,665)	(2,838)	*(2,838)*
STS Customer 13	6,474	35,710	150,251	192,434	(124,104)	68,330	*68,330*
STS Customer 14	1	-	-	1	-	1	*1*
STS Customer 15	-	1,964,108	-	1,964,108	-	1,964,108	*1,964,108*
STS Customer 16	-	4,330,397	10,790,954	15,121,351	(7,257,654)	7,863,697	*7,863,697*
STS Customer 17	-	(53,486)	154,819	101,333	(20,991)	80,342	*80,342*
STS Customer 18	(14,014)	3,622,341	1,734	3,610,060	-	3,610,060	*3,610,060*
STS Customer 19	-	191,647	7,403,339	7,594,986	(4,866,353)	2,718,334	*2,718,334*
STS Customer 20	-	5,412,346	10,932,503	16,344,850	(7,434,179)	8,910,671	*8,910,671*
STS Customer 21	-	-	3,360	3,360	(411,166)	(407,806)	*(407,806)*
STS Customer 22	-	(38)	146	108	(454)	(346)	*(346)*
STS Customer 23	-	(38,568)	392,338	353,670	(368,924)	(15,254)	*(15,254)*
STS Customer 24	-	(186,513)	412,704	224,692	(127,868)	96,823	*96,823*
STS Customer 25	-	(660,959)	6,993,866	5,332,907	(5,990,280)	442,627	*442,627*
STS Customer 26	2,261	(78,841)	167,039	90,458	(102,965)	(12,707)	*(12,707)*
STS Customer 27	17,226	162,069	109,261	288,375	(135,710)	152,665	*152,665*
STS Customer 28	30,535	379,102	1,487,499	1,897,135	(1,338,061)	559,074	*559,074*
STS Customer 29	-	-	15,028	15,028	(74,521)	(59,493)	*(59,493)*
STS Customer 30	(109,096)	(847,896)	1,797,909	840,945	(1,165,953)	(325,008)	*(325,008)*
STS Customer 31	580	(52,254)	1,022,342	970,668	(833,391)	137,277	*137,277*
STS Customer 32	-	3,124,176	3,743,020	6,867,196	(4,056,981)	2,810,215	*2,810,215*
STS Customer 33	580	(39,236)	91,309	52,653	(115,554)	(62,901)	*(62,901)*
STS Customer 34	62	(722)	1,326	667	(428)	259	*259*
STS Customer 35	-	-	165	165	(2,949)	(2,685)	*(2,685)*
STS Customer 36	-	-	-	-	(301,309)	(301,309)	*(301,309)*
STS Customer 37	-	-	-	-	(52,914)	(52,914)	*(52,914)*
Subtotal STS	(34,316)	18,342,356	54,109,877	72,417,918	(41,760,223)	30,657,695	*30,657,695*
STS Refunds						32,776,309	*32,776,309*
STS Charges						(2,118,715)	*(2,118,715)*
Total	26,381,957	42,105,580	79,749,236	150,236,473	(55,049,730)	95,186,943	*95,186,943*
Total of DTS and STS Customers with Refunds						97,312,672	*97,312,672*
Total of DTS and STS Customers with Charges						(2,125,729)	*(2,125,729)*

APPENDIX 7 – PROPOSED RATE RIDER C

Deferral Account Adjustment Rider

Purpose:To recover or refund all accumulated deferral account balances.

Applicable to:Customers receiving service under the following Rate Schedules:

DTS
STS

Effective: The rider is applicable to all billing periods, effective January 1, 2004

Rates: An additional charge or credit applied to each major revenue category for which there is an accumulated deferral account variance, based on the billing determinants employed in the applicable revenue category rate calculation, designed to restore the deferral account balances to zero over the following calendar quarter or such longer period as determined by the AESO to minimize rate impact.

Terms: The Terms and Conditions form part of this Rate Schedule.

APPENDIX 8 – APROVED ARTICLE 23.5 TO AESO TERMS AND CONDITIONS

Article 23.5

In the event an STS or DTS contract has been assigned, pursuant to Article 23.2, all rights and obligations associated with the service, including any and all retrospective adjustments due to deferral account reconciliation or any other adjustments will be applied to the account of the assignee.